# FINANCIALTIME

**EUROPE'S BUSINESS NEWSPAPER** 

Tuesday March 22 1983



Brussels' concern at state rivalry over industrial aid, Page 3

# **NEWS SUMMARY**

# Israel steps up plan

Israel is to build eight new settle-ments on the occupied West Bank immediately, and 15 more in the coming year in a move criticised by the Opposition and clearly intended to dissuade King Husseln of Jordan

from joining peace negotiations.

Israeli, Lebanese and U.S. officials resumed negotiations yesterday on an Israeli, withdrawal from

Today Israel's Parliament will vote for its new president in a se-cret ballot. The ruling Begin coali-tion has nominated Judge Mena-hem Elon and the Labour Party Chaim Herzog, former Ambassador to the U.S. Page 4

From Amman it was reported that Palestinian guerrillas in Lebanon had been ordered to step up attacks against the Israeli Army. In Beirut Major Sand Haddad commander of the Israeli-backed militia, said Lebanon should have a defeoce treaty with Israel and declare war on Syria.

### Strauss says No

Bavarian Christian Social Union leader Franz Josef Strauss turned down Chancellor Helmut Kohl's offer of a Cabinet place. Page 2

### Finnish election

The Finnish Social Democrats appear to have gained five seats in the country's general election, according to computer predictions. This will give the party 57 seats in the 200-seat parliament, and retain its position as the biggest single group-

# Angola threat

Angola rebels have threatened to kill 64 Czech and Portuguese hostages if Government forces attack

# MISON pact

U.S., Canada, and 10 West European countries including Britain and West Germany, agreed that offenders jailed in foreign countries could serve their sentences in home-country prisons.

# Party spolled

Police raided a child's First Communion party in a village near Na-ples, arrested a reputed underworld figure and seized a submachine gun and six pistols from under tha

# Poles fly out

Twelve Poles, eight adults and four children, escaped to Sweden in a light aircraft, seeking political asy-

# Boy, 14, shot dead

West German policeman shot dead a 14-year-old boy he saw climbing through the broken window of a youth centre at Gauting, near Mu-

Hong Kong card plan Hong Kong is spending HK3400m (\$60m) on a Bank of Englanddesigned identity card programme to overcome a racket in counterfeit cards for illegal entrants.

# Basketbali killing

A Filipino basketball player shot dead an opponent who returned to collect his shoes after a disputed game had been abandoned.

# Briefly...

Malaysian Cabinet reshuffle is expected next month.

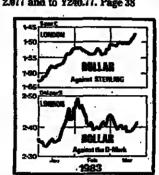
Munich: Fire badly damaged

### BUSINESS

# Europe's computer W. Bank giants in link talks

THE LARGEST three European-owned computer makers, ICL of Britain, Cii-Honeywell Bull of France and Siemens of West Germany, are talking about setting up a joint centre for research on advanced systems. Page 20

• DOLLAR rose to DM 2418 (DM 2.386), FFr 7.24 (FFr 6.91), SwFr 2.08 (SwFr 2.07) and Y241 (Y240.25). Its Bank of England trade-weighted index rose from Friday's 121.4 to 122.6. In New York, the dollar rose to DM 2418, to FFr 7.23, to SwFr 2.677 and to Y246.77. Page 38



 STERLING dropped 1.7c to \$1.4705, to DM 3.5575 (DM 3.565), SwFr 3.96 (SwFr 3.98) and Y3545 (Y357.5), but rose to FFr 10.645 (FFr 10.27). Its trade weighting stayed at 78.9. In New York, sterling closed at

• FT Industrial Ordinary Index fell 8.5 to 652.5. Government Securities fell by almost 1 per cent on average. Page 31. FT Share Information Service, Pages 36, 37

 WALL STREET: Dow Jones Index closed 7.55 up at 1,125.29. Full share listings. Pages 32-34. Other foreign markets, Pages 31, 34. ■ GOLD fell \$7 in London to \$414.5. In Frankfurt it closed at \$414.75

and in Zurich at \$414.5. In New York, the Comex March settlement

• THE INTERNATIONAL Monetary Fund may need an extra \$9hn in the next 12 months, and should be allowed to borrow from the private sector, says an international committee of experts. Page 8

 ISRAEL'S three oil marketing companies have formed a joint company to market a fuel oil-coal mixture for businesses now using pure

 PILKINGTON BROTHERS leading UK glass maker, signed a joint venture agreement with China

to use its float-glass technology in a \$120m factory in Shanghai.

• NEDBANK, South Africa's third largest, today begins paying 2 per cent interest on current a with balances above R500 (\$458).

• LUFTHANSA, the West German airline, increased profits from DM 5.6m to DM 95m (\$40m) in 1982, and resumes paying a dividend. Page 21 • PEOPLE EXPRESS Airlines of New Jersey has reached agreement in principle . to buy 20 Boeing 727-200 jets for \$80m from Braniff Airways, which is having to dispose of most of its assets. Page 20

● PAUL BERGSOE, Danish metals group, has been saved from bank-ruptcy by the subscription of DKr 240m (\$28m) in new capital.

• BAYERISCHE VEREINSBANK of West Germany reported a sharp rise in profits, with partial operat-ing earning 59 per cent up at DM

OVANTONA VIYELLA of UK and Toyobo of Japan ousted four Canadian directors of Consoltex Canada of Montreal, in which they have a

Liganda: Canadian engineer was VEBA, the West German energy shot dead by an unidentified gunand chemicals group, reported 1982 net profits 36 per cent down at DM 301m (\$128m), but held its dividend. Page 21

No. 29.030

This means that the franc has been devalued by 26.5 per cent against the D-Mark since October 1981.

# All EMS currencies realigned

French franc effectively devalued by 8% against D-Mark

BY JOHN WYLES IN BRUSSELS

EUROPEAN Community Finance Lexembourg revalued their francs hrolling them in a major political Ministers finally overcame their political differences yesterday to adopt the most comprehensive curwith a 2.5 per cent devaluation of rency realignment in the four-year the lira, while Ireland devalued the history of the European Monetary punt by 3.5 per cent - its first cursystem. For the first time every one of the ight currence and several devanted the punt by 3.5 per cent – its first currency change since joining the EMS.

German mark, based on a 5.5 per cent revaluation of the D-Mark and a 2.5 per cent franc devaluation.

Under West German pressure, and because of the Dutch desire to keep broadly in step with the EEC's dominant economy, the Nether-

eight currencies participating in the EMS has been revalued against its European Currency Unit central would seem to give France some competitive advantage against each At the core of the realignment is a effective 8 per cent devaluation of the revaluation was the most the French franc against the West unexpected but is an indication of the present Conservative-Liberal coalition's determination to pursue a stabilising policy. Italy, mean-while, bas continued to tie the lira to devaluations of the franc, while the devaluation of the Irish punt is an attempt to alleviate the country's steadily declining competitiveness.

The agreement was reached nn the third day of negotiation, just as lands revalued the guilder by 3.5 EEC heads of government were arper cent, Denmark raised the krona riving in Brussels for their spring by 2.5 per cent and Belgium and summit, and narrowly avoided em-

and economic crisis. Failure to agree yesterday could have led to the French franc's withdrawal from the EMS and the adoption by Paris

very existence. All the governments, aware of the high stakes, Reaction in EEC countries, Page 2; Lex, Page 20; market reaction, Page 31; money markets, Page 38.

might bave threatened the EEC's

pushed in the direction of compromise, and most ministers left Brussels proclaiming a victory for "community solidarity."
M Jacques Delors, the French Fi-

nance Minister, who threatened on Saturday to take France out of the EMS, was yesterday full of praise for it as a vehicle for combating in-flation which was "a congenital dis-

He confirmed that the franc de-

measures to counter France's rising balance-of-payments deficit and that Paris would maintain its existing anti-inflationary policies. On the surface, the realignment

appears to be a major personal vic-tory for the French minister. A firm believer in the EMS, he needed first of all to convince President Mitterrand of the wisdom of staying in the system and then to persuade other governments to join in a general realignment. This will belp the French Government to present the crisis to domestic opinion as a gen-eral currency problem and not sole-

ly due to the weakness of the franc. M Delors hriefly outlined to his colleagues the further economic measures being planned by the French Government. Herr Gerhard Stoltenberg, the West German Finance Minister, who presided over the negotiations, said afterwards that he was "very satisfied" with everything be had heard on this

Herr Stoltenberg spoke for all

his belief that the realignment would restore calm to European currency markets. These bave been the past fortnight as speculation on a change of parities intensified in the wake of the West German elec-

tions and the French municipal

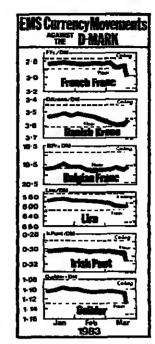
cipated of all seven EMS realignments, but also proved the most difficult because of internal divisions in the French Government, sharp differences between Paris and Bonn on the shape of the realignment, and some reluctance in other capitals to carry out the role allotted to them nace France and West Germany began to resolve their dif-

It emerged yesterday that the deadlock was broken on Sunday when Herr Stoltenberg and M Delors agreed that the franc devaluation against the D-Mark should be of the order of 8 per cent. But M De-

France emerges

with Socialist

prestige intact



lars still had to convince Presiden Mitterrand of the proposition and also to win full support in Paris for accompanying measures to curb France's still rising halance of payments deficit.

This, and the need far other ministers to consult their governments,

# Markets sceptical of changes

EMS INTERVENTION RATES AFTER REALIGNMENT

Belg & Lux

20.4835

33.97

Amount of each currency in one European Currency Unit

0.286 (11.45%)

YESTERDAY'S realignment of the European Monetary System met a change markets. In every major European centre dealers saw the new adjustments as insufficient and unconvincing: Chaos in the foreign exchange

markets had been widely expected but did oot materialise. In thin early trading, dealers were careful to set very wide spreads around pari-ties which closely anticipated those which emerged from Brussels at

Belg & Lux france

0.826 (37.38%)

Italian lira 1,000

**Irish** punt

the running as Eurodollar interest DM 2418.

rates stiffened by an eighth of a Sterling point and and the currency markets sniffed higher U.S. interest rates

expense of the devalued French franc, closing in London at FFr 7.24, the dollar was able to show a gain

2.9985 3.1363

14.97

5,2010

8,2565 8,6365

1.15 (16.93%)

1,504 1,696

3.7580

5,5008

1.9110

3.03375

Lira

109 (7.86%)

Meanwhile, the dollar made all of 2.2 pfennigs, closing in London at scribed it as a cormal realignment: Sterling could not resist the rise of the dollar, and closed 12 cents

lower in London at \$1.4705, But alhead. though the pound also showed. The dollar gained heavily at the losses against the D-Mark (three quarters of a plennig lower than Friday at DM 3.5575) it gained compared with rates before the enough from the weaker EMS weekend in the region of FFr 6.90. members to close with an unenough from the weaker EMS Even against the D-Mark, whose changed trade-weighted index of post-election strength had been a 79.8 (1975-100). Against the French major reason for the realignment, franc sterling closed at FFr 10.645. In Frankfurt ooe trader de-

2943.8

1,821.45

Belgian franc

3.68 (8.20%)

Danish krone

3,5505

11.5788

3.2963

Lux franc

17.727

0.331015

1.03214

0.28090

0.549015

0.87157

Danish krone

0.217 (2.70%)

The changes are not enough, they have been delayed too long, and it is just a question of time until the next realignment follows," he said. in Amsterdam, before the new parities were announced, dealers were reported as saving that if the D-Mark and French franc moved

would be looking for another realignment in a month or two.

In London, dealers conceded that the agreement might bring a period of stability to the markets,

ECU central rates; %

2.51515

1,0567 6.79271

± 1,4941

1386.76

8.04412

0.717050

Irish punt

0.00759 (1.06%)

± 4.1463

± 1.6419

### BY DAVID HOUSEGO IN PARIS apart by only 7 or 8 per cent, they

fair, in French eyes it was M. to Paris because of the failures of thought that the diminutive Fi
The French view is that Franconance Minister, appointed to the German relations are a partnership Socialist administration for his of equals to which both sides need technocratic expertise, could have each other. carried through a thoroughly coldblooded diplomatic gamble suffi- was obviously not all hluff. There is cient to wriog major concessions a powerful lobby on the Left which from West Germany and other Eu-ropean states by his carefully ex-have been the best course and en-ploited threat to pull France out of abled France to have rebuilt its in-

compromise at Brussels has sal- purchasing power now demanded vaged French Socialist prestige by by EMS discipline, keeping the devaluation of the This lobby has a tranc to a mini a more substantial revaluation of the D-Mark, which supports the Security (and a candidate as Prime French theses that the root of Eu-Minister if their views had carried rope's monetary ills has been the the day); M Jean-Pierre Chevene strength of the German currency.

Mitterrand's administration to present the devaluation as part of a genand a friend of M Mitterrand. It aleral realignment of currencies. It so has the support of the Commuhas also, in French eyes, given a nists. satisfactory drubbing to an inexperienced, new West German admin-

IF THERE was a victor in the af-

Tha threat to pull out of the EMS

dustry behind protected frontiers In domestic political terms, the and without applying the cuts in

This lobby has as full or partial pporters su Beregovoy, the Mioister of Social ment, the Minister of Industry; and It enables President Francois M Jean Riboud, the head of

> But it runs counter to M Mitter-Continued on Page 20

# U.S. to review GNP targets after 4% first-quarter growth

BY ANATOLE KALETSKY IN WASHINGTON

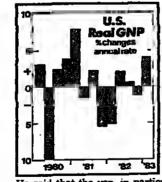
0.0885 (14.05%)

Unatticle figures compiled by the Financial Times

THE U.S. economy has been grow ing at an annual rate of about 4 per cent during the past three months and the economic recovery which is now under way "will be long and strong." President Ronald Reagan said yesterday, as the Commerce Department released its preliminary estimate of gross national product for the first quarter of 1983.
Following the Commerce Department's projection, Mr Donald Regan, the Treasury Secretary, said the Administration would revise upwards its official forecast of 1.4 per ent growth for 1983 as a whole.

But he warned that the recovery could still be endangered if taxes were increased later this year, as proposed by the Democratic leader-ship in Congress. Even a tex on im-ported oil would be "premature at this point," unless it was clear that "oil prices will fall even further" Mr Mr Regan also welcomed the

realignment of the European Mone-tary System and predicted that the dollar would probably weaken somewhat once the foreign exchange markets settle down after tha past few weeks' uncertainty.



He said that the yen, in particular, should now strengthen, having cent in the current quarter, accordgotten very much on the weak side in the past two weeks. The decline in oil prices ought to benefit Japan more than the U.S., he said. The EMS realignment showed

that there was a need for conformjor nations and that any country which diverged in its policies would eventually face currency problems. This would be a main theme for discussions among world leaders at the worst annual figure since the the Williamshurg summit in May, Mr Regan said. Despite a study

the worst annual figure since the aftermath of World War II.

UK output, Page 11

commissioned by the last summit, the U.S. still did not see the need for official intervention in foreign exchange markets except in cases of unusual instability, he said. The Administration's new economic forecast, due to be published in mid-April, is still the subject of

intense debate among Government

economists. But after yesterday's

preliminary GNP figure, the final forecast is likely to be close to the "consensus" among private econo-This now predicts year-on-year growth of 2.7 per cent growth in 1983 and forecast growth of 4.4 per

ing to the monthly survey of fore-casts conducted by Blue Chip Economic Indicators. Yesterday's Commerce Department figures, which also showed that GNP in the fourth quarter of ity in the economic policies of ma- 1982 contracted by only 1.1 per cent. rather than the 1.9 per cent estimated earlier, were received neutrally hy the markets. The decline in GNP

for 1982 as a whole was 1.7 per cent

The two piece beverage can. Produced by the million with the latest technology for a wide range of customers by Continental Can, part of the world's largest packaging corporation.
But "Clwyd Can" are also the watchwords of our Industrial Development

Team. Whatever your needs for industrial/commercial expansion or development Clwyd can meet them. \*Choyd Can provide maximum financial grants for large or small companies

 \*Clwyd Can be reached quickly and easily by road, rail, sea or air. \*Cluyd Can supply an available. reliable and hardworking workforce.

\*Clwyd Can give you sites and premises to meet your needs. Find out what Clwyd can do for you. Talk to Wayne Morgan County Industrial Officer Clwyd County Council, Shire Hall, Mold, Clwyd. Tel: Mold (0352) 2121. Telex 61454.

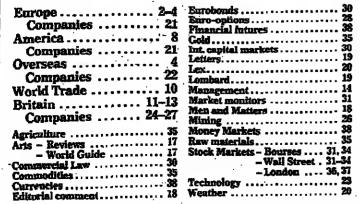
66 \_ the contributions from the community, the trade unions and our employees have made us proud to be associated with Wrexham in Clwyd. We will be pleased to tell our story to prospective investors . 79

Hugh Adamson, Managing Director,



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# Monetary drama rivals Paris rugby for intensity

V/51

By Paul Betts in Paris PRESIDENT François Mitterrand has always claimed be has no "theological commitment" to the European Monetary System (EMS), but the events of the last 48 hours eloquently reflect his practical sommitment As the economics commenta-tor of one of the French tele-vision channels put it this weekend during broadcasts that rivalled in intensity and drama the commentary for the France-Wales rugby match, the EMS is the "spinal column" of Euro-pean collaboration.

This collaboration historically ot least,



essentially held together hy constructive Franco - German co-operation.
The EMS was, in large

measure, the product four years ago of the entente between M Valery Giscard d'Estolug, then French President, and Herr Helmut Schmidt, then West German Chancellor. But if both Giscard d'Estaing and Chancellor Schmidt have

gone, the practical arguments for the continued participation of France in the EMS were not lost on either M Mitterrand or Dr Helmul Kohl, the new Chanceller

cellor.
There may have been some French left-wing hawks who would have liked to see France drop out of the system: but M Jacques Delors, Finance Minister, won the day

Le Monde, the national daily newspaper, on its front page on Sunday, explained that M Delors saw France's particluation in the EMS not only important as a symbol of European co-operation but also as a discipline to force French enterprises to improve their competitiveness

In a sense, the EMS can now act as the external constraint
—a referee of sorts—on the
political pressures from the
Left calling on the Mitterrand Government to alter economic course and relax what they regard already as too tight an economic policy. This policy is now likely to become even tighter.

# Bonn fears consequences if system failed

BY JONATHAN CARR IN BONN

WEST GERMANY had high hopes of the European Mone-tary System (EMS) at its tary System (EMS) at its formal foundation four years ago, feeling a major step had been taken towards European Monetary Union. Nowadays, Bonn hangs grimly on to the system and sees little prospect of developing it while fearing grave economic and political consequences if the currency block were to collapase.

Reasons of economy and

Reasons of economy and politics were strongly inter-mingled when Chancellor Helmul Schmidt and President Valery Giscard d'Estiang of France launched their EMS initiative in early 1978. At the most obvious level of argu-ment, the West Germans saw

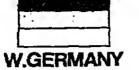
West German industrialists reacted with anger and dismay yesterday at the agreement to revalue the Deutsche Mark, John Davies writes from Frankfurt. West German industry would meet increased difficul-

from French imports, indus-ity representatives said. The West German Industry and Trade Association (DIFT) warned Bonn against the illusion of trying to avoid protectionism through giving concessions on currenaics. ties in export markets in Enrope and eisewhere. It

major benefits for their exporters who would have relative currency stability in an area where they did about half their business. create an area of currency stability in Europe vis-a-vis the Americans. Neither Boon nor the Bundes-But at another level of argument, both Herr Schmidt and M Giscard d'Estaing, who were close friends, wanted to

bank, the central bank, now appear to have plans to develop the system as was foreseen in the system as was foreseen in 1979. It certainly does not en-visage the European Currency

would probably also face



Unit (ECU) being boosted as a possible rival to the dollar.

But it does believe that If France were to leave the EMS.

a wave of protectonism in Europe would emerge—hitting West Germany's exports and crushing the emerging economic unium.

That is the key reason why

# Belgian minister welcomes revaluation

BELGIUM's Finance Minister, Mr Willy de Clercu, yesterday welcomed the parity realignments in the European Monetary System (EMS) that have yielded a 1.5 per cent revaluation of both the Belgian and realignment of EMS currencies. tary System (EMS) that have vielded a 1.5 per cent revalua-tion of both the Belgian and

At the end of the tense threeday finance ministers' meeting in Brussels, Mr de Clercq said that the new EMS currency rates would assist Belgium hy restoring stability to the foreign

MR PIETER GROTEWEG, the

Duich Treasurer General, said last night that the net effect on Dutch trade of the EMS changes night to be zero, leaving the Netherlands' compatitionness.

pelitiveness unaffected. He added that Mr Herman Ruding,

the Finance Minister, had not seen any fundamental reason for the West Germans' 5 per ceot revaluation but had accepted that pressing political reasons made the change essential

for the Netherlands

Earlier this month, the National Bank of Belgium had reportedly spent up to BFr 15bn (£214m) in support huying within a single week, and with the franc on the floor of the EMS grid the Belgian Government announced a surprise 2.5 per cent increase in interest

**NETHERLANDS** 

day's changes will be mitigated



The Belgian franc's revaluation comes only a formight after

Zero effect predictod

The Belgian franc's revaluation comes only a formight after

The Belgian Finance Ministry

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The Belgian franc's revaluation comes onl officials last night were conngainst the French franc, and
vinced that the revaluation of prejudice the Belgian economy's
the franc will have a positive chance of an export-led
effect. In addition to the easing recovery. Officials say, how-

Belgian exporters will also enjoy improved competitivity in the West German market that accounts for almost a third of the country's exports.

the country's exports.

The chief concern for Belgium is that under the new EMS deal trade with France will suffer from the Belgian franc's effective 4 per cent revaluation against the French franc, and

# official discount rate

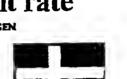
BY HILARY BARNES IN COPENHAGEN

THE DANISH central hank yesterday reduced the official discount rate from 10 to 81 per cent following the realignment of EMS currencies.

The hank said that the EMS

realignment, a favourable trend in the trade halance (which showed a small surplus in January for the first time in 16 months) and the conclusion of new two-year collectiva wage agreements earlier this month had opened the way for the re-duction in the discount rate. from 11 per cent.
The Government has been

The Government has been pressing for a reduction in the discount rate for several weeks. krone wirtually unchanged, following a sharp rise in bond prices over the past few months, but the bank held out until the other Nordic currencles.



expected readjustment of the European currencies had taken

DENMARK

place to avert a speculative run on the krone. The Danish krone was rewhich was last changed in valued by 2½ per cent against December, when it came down the ECU, but, according to from 11 per cent.

Mr Henning Christophersen, the

Concern over position

Britain keeps open its

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE BRITISH Government's in world oil prices underlined official position in relation to the danger of pegging sterling at any particular rate.

This fear proved amply justi-

options over joining

of Irish punt grows

BY OUR DUBLIN CORRESPONDENT

THE Irish Central Bank is con cerned that now the nettle of devaluation has been grasped, It may not bring the currency down even by the 4 to 5 per cent against sterling which is regarded as the optimum.

The prospect of the punt creeping up from its position at the hottom of the EMS when markets opened yesterday—

eroding the position against the British currency—is likely to

worry bankers and dismay those

economists who have been argu-

ing for a cut of up to 10 per cent as the minimum necessary

consider joining if the circum-stances seemed appropriate.

The door was left diplamatically sjar throughout 1980 and 1981 when the pound was quite obviously overhauled as a result of the rapid build-up of oil sales accompanied by the tightening of degreetly more

tightening of domestic mone

tary policy under the Conserva

Tha Conserative monetarist

Italy expects

boost in

exports.

exports to

to be devalued. The Italian currency almost invariably has to follow the French franc downwards, partly because the French economy tends to perform similarly to the Italian and partly because Italy wants its exports to remain competitive in France. An adjustment of the parity of the lira in the EMS was in-

evitable sponer or later because the Italian inflation rate is, at 16.4 per cent last month, in-creasly out of line with those of other European countries, especially West Germany.

However, the Italian authori-ties hope that the devaluation

of the lira will not have too serious an effect on the liradollar rate.

Though exasperated by the French prevarication in the latest EMS crisis, Italy should have emerged from the crisis confident the system can continue.

**IRELAND** 

The hureaucracy and paper work following Ireland's deci-sion to opt for the EMS rather than remaining with sterling, is

a constant irritant to Irish busi

nessmen trading with the UK and an additional cost at a time

This lear proved amply justified during the late augumn, when sterling plunged against all currencies. This certainly strengthened the view in the UK Treasury that it would be possible to follow a general relief for the exphance

policy for the exchange rate.

of wafer thin margins.

# Strauss opts to decline Bonn Cabinet post

W. Germany HERR FRANZ-JOSEF Strouss. THE REALIGNMENT of the EMS currencies should give an important boost to Italy's exports to its biggest single market. West Germany, and reinforce the revival of Italian the long-serving chairman of the Bavarian Christian Union Social (CSU) announced yesterday that he would, after all, stay os Prime Minister of his home state and take no post in the exports to the industrial countries which Italy exports this year as a result of the foll in oil prices. centre-right coalition cabiner Chancellor Helmut Kohl is forming in Bonn.

The total effect of the devaluation of the lira hy 2.5 per cent and the revaluation of the Deutsche Mark by 5.5 per Yesterday's announcement from the CSU ends nearly two weeks of intense speculation the Deutsche Mark by 5.5 per cent is an 8 per cent devaluation about Herr Strauss's ambitions and leaves cleor the broad outof the lira against the West German currency. lines of the new cabinet, which will be sworn in at the end of the month.

This should give Italy a considerable advantage in the German market, which in the first half of last year accounted With the ebullient Bavarian renouncing what must be his last chance of high office in Bonn, the four senior minisfor 15.6 per cent of all Italian tries he was said at different times to be aiming for stay Since West Cermany is also the largest single source of tourists to Italy, the balance of payments, which last year closed with a current account deficit of firmly in the hands of Herr Kohl's Christian Democrats and

the Free Democrats (FDP), the junior partner in the coalliton. Despite losing a third of their seats in the March 6 general election, the FDP retains the about lire 7,500bn (£3.5bn) will benefit it further. Although the lira had been stable in the EMS until the recent fluctuations began early this month, the Italian authori-

foreign and economics minis-tries for Herr Hans-Dietrich Genscher and Count Otto Lambsdorff. Equally certain is that Herr Gerhard Stoltenberg and Herr Manfred Woerner of the CDU talks and put off a decision on the Spane and will remain in the finance and defence ministries respectively. However, Herr Strouss's mixture of threat and obstruction has gained for the CSU a fifth ministry at the expense of the FDP. It is widely expected that Herr Ignaz Kiechle, a Bavarian dairy farmer, will

take over the Agriculture Ministry and end the 13-year tenure of the FDP's Herr Josef Ertl.
The CSU said that "the outstanding result" in the coalition negotiations over both sub-stance and personnel had allowed Herr Strauss to refuse

the chancellor's "honourable" offer of a ministry and the deputy chancellorship.

The statement did much to confirm what has been suspected in Bonn for some time, that Herr Strauss recognised he could not dislodge Herr Kohl's allies from the top ministries but wanted to use the threat of

BONN-The Munich mag-BONN—The Musica mag-azine Quick yesterday released details of what it described as an uncon-promising foreign policy paper which the CSU would present to FDP and CDU leaders at government negoti-

Quick said the 27-page document due for publication tomorrow, directly contra-dicted Mr Genseher, the Foreign Minister, on several key points. It said China should be

onsidered a natural ally of West Germany under present international conditions and called for a tougher attitude towards Moscow and East

Berlin.
The CSU insists German borders cannot be finalised before the conclusion of a peace treaty between a reunited Germany and the four victorious powers of World War Two.

party both in terms of ministries and in giving a more right-wing flavour to the coalition pro-

his future until today's final round, word emerged that flerr Kohl was losing pattence. The Chancellor is said to be anxious that there be no delay in the formation of the Cabinet and held a long telephone conversation with Herr Strauss yester-day morning.

A senior member of the government said yesterday that he had always doubted Herr Strauss, 67, would come to Bonn—"although you never know with Strauss, But the whole to-and-fro has been grote\ue,"

None the less the CSU said if None the less, the CSU said it was highly satisfied with the programms agreed so far and the shareout of power. However, as part of the price, the Bayarians will give up the presidency of the Bundestag. At present Herr Richard Stuecklen is president and has been wearing an increasingly haggard look at the prospect of dealing with a new phenomenon, Green insisting on a job as a means with a ne to secure the best deal for his deputies.

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rather unsympathetic to any form of exchanga rate policy. By the spring of 1982, when the pound had fallen to around DM 4 and was still around \$1.75. there was renewed discussion among MPs and in industry about whether the time was right for Britain to join. However, the difficulties of France were already putting the EMS under strain, while the fall

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# day's changes will be mitigated somewhat by the 2 per cent devaluation of the guilder against the D-mark. The Netherlands last year sold more than 30 per cent of its exports by valuation of the guilder. The principle with it a rise in the cost of Dutch exports, has aroused concern in the Netherlands' hanking and trading circles. The adverse effects of yester-10 good reasons business trip.

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# **EUROPEAN NEWS**

# Mounting tension in | Key unions Greece feared after Athens murder

BY VICTOR WALKER IN ATHENS

faded, it became clear that the weekend murder of Athens pub-

Mr Athanasiadis, 71, was publisher of the Arhens right-wing evening newspaper Vradyni and the daily financial newspaper. Naftemboriki. He was fatally shot in his office in the fatally shot in his office in the save of the investigation.

Democracy leader of doubting the impartiality of the investigation. The Greek Communist Party (KKE) said: "Irresponsible statements such as those of Mr fatally shot in his office in the save of the collision of the investigation." publisher of the Athens rightwing evening newspaper Vradyni and the daily financial newspaper. Naftemboriki. He was fatally shot in his office in the Vradyni huliding pear Omonia Square in central Athens on Saturday night by a su-far unidentified man.

A friend of Mr Athanassiadis who was with him at the time in the almost deserted building was shot in the stomach. He is said to have made a statement to police yesterday. On the basis

to police yesterday. On the basis of his description, police have attarted a manhunt throughout exercises at the end of Febru-the country, with a special watch at airports and border crossings.

In a statement on Seturday a mock anti-military conn night, Mr Evangelos Averoff, leader of the conservative oppo-

aition New Democracy Party, and that while the motives of the killing had not yet been ascertained, "the impression ascertained, "the impression down requests for a Parliament-created by the way in which it ary debate. was carried out is that it is a question of a political murder." Mr Averoff called for "the resignation of those organs of the governing (Socialist) Party which sow harred and cultivate terrorism," and added: "The Greek political scene, which Greek political scene, which tion of Athens Newspaper Pub-was already tense, has become lishers and of the Greek Olym-even more so. The responsi-pic Games Committee.

AS HOPES of a quick arrest bilities on the Government are

Expressing regret at Mr lisher Tzortzis (George)
Athanassiadis could aggrevate
an already tense political etmosphere in Greece.

Tzortzis (George)
Averoff's statement, Mr Dimitris
Maroudas, the Government
spokesman, eccused the New
Democracy leader of doubting engineering sectors.

Mr Averoff's remark about political tension was seen as a reference to military and police and Communist parties ataged a mock anti-military conn mobilisation.

The Government bas still not explained the events of the weekend to the satisfaction of New Democracy, and has turned

Mr Athanassiadis hecame one Ar Athanassiadis necame one of the best-known figurea in Greek publishing when Vradyni was briefly closed down during the dictatorship that followed the April 1967 military coup. He was president of the Association of the Association of Athanas Published

# **East German economics** newspaper closed down

EAST GERMANY'S only result of a decision by the economics newspaper has been ruling polithuro to exert tighter down along with the Communist student weekly. Some 35 publications, weekly. Some 35 publications, including a foreign affairs magazine and a foreign trade newspaper, will cease to eppear or are to be merged with other publications. The official reason given for the move is the need to save paper.

a monthly newspaper, is the been closed.

44、「学生、集学品  $1 \leq t \leq (d_i \cap i)$ 

control over the flow of economic information.

Communist student Forum has been eliminated because It frequently dealt with West German political themes such as the Greens ecology and peace party in a more balanced manner than is customary in the need to save paper.

However, East German the East German Press. The same was true of the foreign policy periodical Deutsche Die Wirtschaft (The Economy).

Aussenpolitik which has also

# accept hours cuts in **Netherlands**

WORKING PRACTICES in The Netherlands may be on the brink of an important structural change following agreements engineering sectors.

Union leaders representing The Netherlands' 60,000 print workers save agreed to accept a plan cutting their members' working week from 40 bours to 38 bours between January and July of next year and to 36 hours in January 1986.

The reduced number of hours will, it is claimed, enable the industry to protect some 2,500 jobs now threatened and to create a further 2,500 by 1986. Creation of the new jobs would be facilitated by the wage freeze.

The agreement came after 25,000 workers in the metal and beavy engineering industries egreed to a cut in their hasic week from 40 to 38 bours from January 1985. In addition, they have voted to accept a total wage freeze to the end of 1984. so that the incomes of all employees in the twin sectors will remain as they were on December 31 last year. Even their statutory right to inflation compensation of 2.06 per cent for the last six months of 1982

has been foresworn. Finally, retirement age is to be lowered on a voluntary basis from 61 to 60 and an extra day off for every worker is to be written into agreements for this year and 1984.

The agreement has been hailed as e breakthrough hy Mr Jan De Koning, Minister for Social Affairs and Employment. Mr De Koning has been working assiduously to promote shorter working hours, wage moderation and early retire-ment. He sees the job-sharing which should result as an important means of reducing unemployment.

Mr De Koning is now suggesting the possibility of framework legislation on the reorganisalegislation on the reorganisa-tion and reduction of working time. He told parliament last week that the Dutch inflation rate could fall this year to as low as 2 per cent and that as this would make it virtually impossible to fund future deals on reduced hours by trading them against price compensa-tion, "other wage components" would have to be discussed.

# EEC crackdown on industry state aid rivalry

Brussela' overriding concero is, of course, that this rising volume of government funding is not so much going toward the creation of new industrial struc-tures that will strengthen European economies. European economies, but instead is being spent on invest-ment subsidies in a divisive game of "beggar-my-neighbour" aimed at luring new manufacturing projects.

The normal cut and thrust of competition between EEC partners for scarce foreign investment has in the past two years been sharpened by recession into a much more cutthroat rivalry. The bldding for multinational corporations the statement of th international corporations' investment is not only expensive andy controversial, it is also increasingly illegal under the terms of the Treaty of Rome.

the Brussels Commission show an alarming increase during 1981 and 1982 of cases where state aid has become the subject of special investigations by the EEC authorities, and of cases where member govern-ments have been told they must abandon illegal subsidies.

Figures prepared recently by

As the chart shows, in these two years, Brossels launched

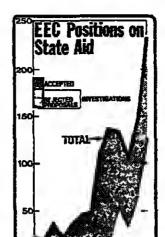
GIVE OR take a few billion 190 investigations in dollars either way," comments a former calegory, compared with senior European Commission e total of 195 for the entire 11 official, "we calculate that EEC member governments are negative decisions in which member governments are negative decisions in which between them now spending an EEC governments were ordered annual DM 100bn (£27.5bn) on to desist from ewarding aid, state aid and subsidies to indus
1981-82 produced 27 such

decisions as against only 21 for the period 1970-80.

Britain, for a variety of reasons, has lately been at the centre of the worsening row in Brussels over the use of aid, grants and other incentives to tempt new manufacturing investment. In one case, the UK is complaining that 1,900 vital jobs have been lured away from an esoccially depressed part of Scotland by unfair French subsidies. In another, the Betglan and Duich Governments are object-

ing that Britain has used the same technique to shift employment totalling 1,800 jobs from their countries over to Scotland. A Commission decision on the former row, over whether or not the U.S. watchmaking giant Timex was unfairly induced to

transfer its quartz watch production from Dundee to Besançon, is due shortly after Easter. In the meantime, Britain has been required to furnish details of some £12m in grants that it is alleged to have waived under the nose of Hyster, the U.S. forklift truck manufacturer, to help persuade it to "consolidate" its activities at Irvine, Scotland, at the expense of its other plants in Belgium



Commission investigations have shot up, reports Giles Merritt in Brussels

involving the UK are important to the more general debate over competitive state aid inside the EEC because both touch on the crucial Issue of the Community's development policies and attempts by the Ten to give hardest-hit areas top priority. The bitterness over Timex's

major switch to France owes much to the fact that Dundee is e Special Development Area with special status within the ing the massive Belgian EEC, while Besançon is not. The subsidies involved in the and the Netherlands.

The two parallel disputes fies its offer of attractive subsi-

development targets of such bidding-up is clear enough, and the present uneasy situation is aggravated by the fact that there is no harmonised aid system covering the EEC as a whole. Member states negotiate the ceilings on their grants with Brussels, and this ad hoc pro-cedure has in itself prompted

For the Brussels Commission, which must follow Treaty of Rome rules that forbid all such distorting alds except in special circumstances, the problem is further complicated by the fact that state aid is notoriously opaque and hard to quantify.

Devices such as interest rate subsidies, equity participations and Government injections of capital are only part of a panoply of aids that are also awarded at local authority level.

Commission officials now com-plain they have a severe staffing problem due to the strains of monitoring the EEC aid race. At the same time, Brussels is increasingly being caught in the cross-fire between discontented

EEC member governments. The Commission is the target of a West German lawsuil in the European Court of Justice over its alleged failure to observe the competition rules and con-sult member states before allowinvolved in the country's textile industry plan. The contradictions in the

that Irvine, too, is a develop-ment zone.

The threat to EEC regional referee is generally recognised, member governments have not been unanimously in favour of its efforts to crack

down on subsidisation. Last year, France and Britain lost e legal challenge in the the Rome Treaty unilaterally to issue a directive requiring more information and "greater transparency" of EEC govern-ments' public sector fundings.

Both Paris and London insisted that their objections were constitutional, designed to contest Brussels by-passing of the EEC Council of Ministers, but the suspicion remains that they resented the Commission's intrusive scrutiny.

Encouraged by the European Court's finding, the Commission is within the next few months to unvell a set of demands under which it will enlarge its Article 90 powers by adding transportation, cnergy finance to the sectors under supervision.

By mid-year, it also plans that Mr Frans Andriessen, the Dutch Commissioner responsible for competition matters, should on the troubled aid question. Details of the forthcoming Andriesson statement are being kept confidential, although his officials warn that some govero-ments "may consider them restrictive "

# IG Metall hopes to avert impasse in talks

BY STEWART FLEMING IN FRANKFURT

THE top officials of West workers in the state of Bavaria but also in the financial services promises to be one of its Germany's largest trade union, were broken off, dashing bopes and public sectors. There are hardest ever as it battles for a the 2.6m strong I G Metall are that an agreement in this fears that if the metal workers substantial cut in working meeting today in Frankfurt to region could form a pattern for were to resort to a national bours. decide on action in the face of a threatened hreakdown in wage negotiations in the

Industry leaders are already expressing fears that the annual wage talks have reached the point where the union could resort to a nationwide strike. But union officials concede privately that a major strike is something they want to avoid if possible, although they do not rule out the possibility that a miscalculation by either side

a national settlement. The gap between the two

sides remained wide, with the employers offering a 3 per cent wage increase over a 15-month period and the union sticking to a demand for a 4 per cent rise over 15 months to match the settlement the union bas already reached with Volks-wagen, West Germany's largest automobile manufacturer,

The metal industry wage round is crucial for the West a miscalculation by either side German economy because it the economic recovery widely corporate profits could result in strike action.

Last weekend, negotiations on wage increases throughout the behalf of the 680,000 pnion economy, not only in industry that next year's wage round monthly report.

were to resort to a national strike, this would reduce the chances of peaceful settlement were meeting with local repreelsewhere, particularly in the public sector, where tough negotiations are likely.

With over 2m workers un-employed in West Germany, a conservative Government overwhelmingly confirmed in office and inflation sinking fast, I G Metall's position is not strong. If it were to call a national strike, it would be roundly condemned for endangering

Yesterday, regional officials sentatives, trying to judge the mood of the membership. Employers are already arguing that officials are out of touch with their members who do not

want a major conflict. The employers' representatives have been adopting a tough line, conscious of the strength of their position in the current political and economic climate, and aware too of the continued pressure on corporate profits, a factor to which the Bundesbank drew special attention in its last

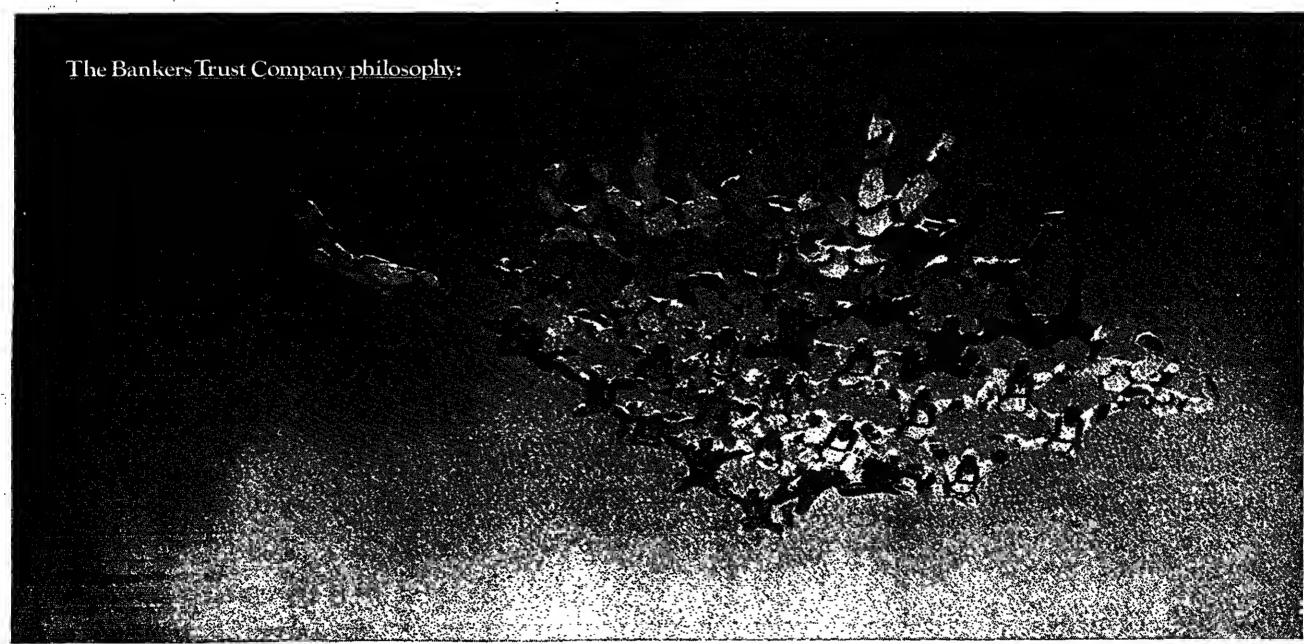
### N-planning talks start today

THE PORTUGUESE armed forces mounted an unprece-dented accurity operation in the resort area of Vilamoura in the Algarve for the meeting of the Nato nuclear planning group attended by Mr Caspar Weinberger, U.S. Defence Secretary, Michael Hiseltine, Britain's secretary for defence, the defence ministers of 11 other Nato states and senior

military leaders. The nuclear planning group, whose full sessions begin today, is expected to discuss the interim report of the highlevel group on proposed reductions of short-range nuclear warheads in Europe. Reuter adds: Mr Weinberger

Wednesday for a three-day

visit



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# Trade union shadow summit urges new economic strategies

V/< A

leaders yesterday beld a but also in the same building.
"shadow" summit in Brussels The ETUC chiefs therefore
to urge fresh economic and took the opportunity to issue a employment measures on the further statement warning that EEC heads of government as crisis talks on readjusting pari-

eight-point programme for EEC recovery, and warned that the success of the European council summit had to be judged against the EEC leaders' ability to take steps to meet these demands for concerted investment programmes and new employment measures.

trade union confederation summit, it was emphasised, was mit had been planned to match the opening of the March 21-22 EEC summit, but by sheer coincidence the trade union up by the major European trade leaders found that their meeting was taking place not only at the control of the ETUC shadow summit, it was emphasised, was also to draw attention to the detailed economic recovery programme that has been drawn up by the major European trade unions, but which despite rising The timing of the European

TOP EUROPEAN trade union between EEC finance ministers they met here for two-day talks. ties between the EMS curren-cies reflected the lack of a coberent EEC economic policy. M. Mathias Binterschied, the ETUC's general secretary, com-mented that the crisia in the EMS resulted from European governments' preoccupation with the thermometer that measured temperature rather than with the reasons for the patients'

The aim of the ETUC shadow leaders found that their meet unions, but which despite rising ing was taking place not only at EEC unemployment has failed the same time as the dramatic to gain acceptance by most EMS realignment negotiations member atates.

# **Soviet Prime Minister** visits Belgrade for talks

Soviet economic and other relations. These generally bave been good but bave been strained at times because of differences about international

MR NIKOLAY TIKHONOV, the Russians might be willing to Soviet Prime Minister, arrived aupply more than the 4m in Belgrade yesterday. He and tonnes at present, something they have refused in the past. Milka Planinc, will bave Even before the change in exhaustive talks about Yugoslav the Soviet leadership a new approach to economic relations between the two countries has been detected by some observers. Instead of applying sanctions when it disapproved Kampuchea.

Mr Tikhonov, 77, is the most senior Soviet visitor to Yugoslaving trade and other slavia since President Tito's death in 1980, although to sanctions when it disapproved of Yugoslav policies, the Soviets have used a "gentle touch," increasing trade and other slavia since President Tito's death in 1980, although to sanctions when it disapproved of Yugoslav policies, the Soviets have used a "gentle touch," increasing trade and other slaving since President Tito's death in 1980, although to sanctions when it disapproved of Yugoslav policies, the Soviets have used a "gentle touch," increasing trade and other slaving since President Tito's death in 1980, although to sanctions when it disapproved of Yugoslav policies, the Soviets have used a "gentle touch," increasing trade and other slaving since President Tito's death in 1980, although the President Tito's death in 1980, although top economy ever closer to the state and party representatives Soviets Yugoslavia's problems met briefly in Moscow last in selling to Western countries November and December, has belied in this respect. Before him, Mr Andrei Gromyko
had paid an overdue visit a
year ago.

Mr Tikhonov, it is felt in
Belgrade, may use his meetings
with Mrs Planinc and other

year ago.

The Soviet Union is Yugoslavia's most important trading partner with \$7bn of business expected this year. The Soviet Union has a trade deficit which the Yugoslavs would like to see reduced by increased deliveries of Soviet crude oil and raw materials. With oil exports aligned and Socialist countries.

# **Spanish delegation starts** talks with Algeria

good neighbouriness with north west Africa and in reduced tensions in the area will be pursued by a high-level government delegation, headed by Deputy Prime Minister Alfonso

second stage of what Spanish Algerian Presi diplomats call a new "global" Chadll, the 31-n approach to the Mahgreb. The recent easing of relations on gas imports.

SPAIN'S declared interest in between Algiers and Rabat has good neighbouriness with north been closely monitored by west Africa and in reduced ten. Madrid where the foreign ministry places a high priority on stability in the region.

Sr Guerra is travelling with Deputy Prime Minister Alfonso
Guerra, which starts a four-day
trip to Algeria today.

the industry and the public
works ministers as well as the
secretary of state for commerce. At the end of the month, In addition to Sr Guerra'e diplo-Prime Minister Felipe Gonzalez matic mission to evaluate con-is due to visit Morocco in the tacts between King Hassan and

# no reaction from Polish authorities By Christopher Bobinski in Warsaw

Walesa gets

policy of speaking out and urging the authorities to come to terms with the Solidarity movement, bas so far been met with a deafening official

In recent weeks Mr Walesa has spoken of the need for protests to force the authorities to talk with the banned union, win freedom for imprisoned activists as well as those threatened with trials.

His two-day trip to Warsaw at the weekend when he met with colleagues from the Solidarity movement came on the eve of a speech in parliament today by General Czeslaw Kiszczak, the Interior Minister, on the situation in the country.

General Kiszczak'a remarks are important as he is the official most clearly identified with freeing Mr Walesa from internment last Novamber and his reputstion as a moderate makes bim vulnerable to hard line criticism.

During the weekend Mr Walesa saw Cardinal Jozef Glemp, the Polish Primate, spoke to the families of detainees and went to the theatre where he spoke from the stage to actors thanking them for their stance last year.

With the Papal visit fixed for June and the prospect of a repeat of last year's street protests on May 1, Labour Day, Mr Walesa is aiming at putting pressure on the authorities within the bounds of the law but without disavowing the union's underground leadership.

While the authorities con-tinue to treat Mr Walesa as a private individual there are signs that they are still hoping that he mhight be persuaded to take part in such institutions as the anaemic Pron Movement for national conciliation. Mr for national conciliation. Mr
Walesa for his part has not
abandoned bope that the
authorities will permit solidarity to reform at the factory
level within the confines of laws
passed last October which
formally banned the union.

# Poles flee in light aircraft

By David Brown in Stockholmi

TWELVE Poles arrived by light aircraft in Sweden early yesterday after a two-hour flight across the Baltic and asked for political asylum.

The eight adults and four children were questioned by police in the southern coastal town of Kristianstad. The pilot said he bad flown from northern Poland and had no idea upon landing wbether he was in Denmark, Sweden or West Germany.

Last October, a crop-spraying aircraft with 20 Poles on board flew to southern Sweden, where Algerian President Benjedid all passengers save one woman chadll, the 31-member Spanish team will be reviewing contracts on gas imports.

Algerian President Benjedid all passengers save one woman requested and were granted political asylum. The woman returned to Poland.

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### REAGAN PLEAS DEFIED

# Israel to build more West Bank settlements thanks troop

BY DAYID LENNON IN TEL AVIV

ISRAEL has decided to build day, defies recent calls by Mr eight new Jewish settlements on the West Bank immediately and another 15 during the coming year. The move has which could create a suitable quickly been criticised by the could create a suitable could create a s

giving up any of that territory to anyone, even in exchange for a peace treaty. the 1950s to overshadow The Cabinet decision, made Nazareth, the largest Arab town on Sunday but revealed yester- in Israel.

ISRAELI, Lebanese and U.S.

officials resumed negotiations in Netanya, north of Tel Aviv, yesterday on an Israeli with-

drawal from Lebanon amid con-

tinuing differences, despite earlier signs that a break-through was near.

Israel has dropped its demand

that it maintain permanent military garrisons in southern Lebanon after the withdrawal, but at the same time is still in-

sisting on the right to stage joint patrols with the Lebanese

army once a key role for the

southern Lebanese militia of rebel Major Saad Haddad, Israel

also opposes a continued UN role in the south.

The meeting of the tripartite committee of officials was the first in 10 days. Israeli officials said they thought the sides were

still far apart on the question of future security arrangements.

is expected to ehuffle his cabinet

BY WONG SULONG IN KUALA LUMPUR

the Malaysian Prime Minister, 'look East' programme."

Tripartite negotiations

on withdrawal resume

dent, for a halt to settlements.

He wanted this as a gesture
which could create a suitable
climate for King Hussein to
enter ioto peace talks.

negotiations

One of the conditions being it laid down by the Jordanian monarch for entering negotiations with Israel is a balt to Jewish settlement on the West Bank, which Israel captured from Jordan in 1967.

But the government of the Israel and Government decision came from left-wing members of the opposition Labour Party. They said it was deliberately timed to ations with Israel is a balt to Jewish settlement on the West be was actively considering yellowing the peace process.

One of the Israeli Government decision came from left-wing members of the opposition Labour Party. They said it was deliberately timed to ations with Israel is a balt to Jewish settlement on the West be was actively considering yellowing the peace process. But the government of Mr
Menahem Begin regards the
West Bank, which it calls Judea
and Samarla, as a God-given
part of the biblical land of israel. It has no intention of is to develop it into a town
spining up any of that territory which will dwarf Nablus, just as Upper Nazareth was built in the 1950s to overshadow

special envoy, Mr Philip Habib,

special envoy, Mr Philip Habib, travelled to Beruit yesterday after two hours of talks with the Israeli Foreign and Defence Ministers on Sunday night. He is expected to return to Israel later in the week with the Lebanese leaders' response to the Israeli criticisms of ideas worked out in Washington when the Israeli and Lebanese foreign ministers visited last week.

ministers visited last week. Meanwhile, friction continues

and the U.S. marines stationed in the Beruit area. There are reports almost daily of minor

clashes between the troops. The army spokesman in Tel

Aviv has been repeatedly denying U.S. charges that the Israeli

forces provoke incidents with the marines. The army spokes-man, brushes aside the U.S. compleints as "baseless."

Malaysian cabinet shuffle likely

DR MAHATHIR MOHAMED, on "hard work, honesty and his Datuk Lee, 48, is President of the Malaysian Chinese Associa-

Datuk Lee San Choon, the next month because of the im- Transport Minister, and Datuk departure is expected to have pending resignations of at least Mohamed Nasir, Minister in the considerable impact not only in

two ministers.

Prime Minister's Department, the Government and MCA, but Dr Mahathir says that be are both expected to retire from also in the corporate sector, as feels the present 23-member active politics. A vacancy is also the MCA controls several com-

The eight new settlements announced yesterday are in addition to the 20 civilian settlements already planned for con-struction during fiscal 1983-84 and seven paramilitary settle-ments on which work started in January. Thousands of new housing units are also being added to the 121 Jewish settlements built on the West Bank since 1967. The policy of the Begin Gov-

ernment during the last six years has been to intensify Jewisb settlement on the West Bank to a point where it would be impossible for any largeli Government to cede some parts of the West Bank in exchange for a peace agreement with

recent months that if negotia- yesterday against the occupa-tions are not started soon then tion and vigilance actions by the Israeli settlements will have Jewish settlers.

taken over so much West Bank land that there will be nothing left to discuss. mr clias Freij, the Mayor of Bethlehem on the West Bank, thas repeatedly warned in recent months that if negotiations are not started soon than the second started soon that the second starte

# Gloom in Amman over demands for concessions

President Ronald Reagan's THERE IS little optimism in Mr Yassir Arafat, its chairman Amman after King Hussein's talks in London last weekend, that the U.S. will be able to get Israel to make the concessions which Jordan bas said it needs to start negotiations on President Reagan's Middle East peace plan, Jordan wants some sign that

Israel will withdraw from Lebanon, a freeze on Jewish aettlements on the West Bank and active Palestinian particiunabated between the Israeli pation in the negotiations, occupation forces in Lebanon Officials are concerned that Israel may annex the West Bank or take other drastic measures to show its rejection of the plan for Palestinian autonomy on the West Bank and Gaza as put forward by President Reagan last Septem

There are signs, however, that the Palestinian Liberation Organisation is prepared to give

tion (MCA), the Chinese part-ner in the Government, and his

greater leeway in talks with King Hussein, which are now expected to atart next month.

Mr Khalil Wazir better known Mr Khalil Wazir better known as Abu Jihad, deputy leader of the PLO, said in an interview yesterday that Mr Arafat was not restricted by the recent Palestine National Council meeting, in Algiers in February, which came out with apparently hardline resolutions. Neither the PLO nor the Jordanians show much confidence. danians show much confidence that Israel is willing to moderote its policy on the West Bank. The U.S. failure to persuade the Israelis to withdraw from Lebanon has strengthened

their scepticism concerning
Washington's resolve.
The PLO does not want to be
blamed for the failure of the
Reagan plan, and wishes to
maintain its good relations with
Lordan

BHP axes 641

miners' jobs

in Australia

By Michael Thompson-Noel in

RELATIONS, between Australia's new Labor Government, and the country's largest company, Broken Hill Pro-prietary (BHP), deteriorated

further yesterday when the

company announced the sacking of 641 miners at five

collieries in New Sonth Wales.

against imports for BHP over

a five-year period, but rejected the company's call

for immediate tax write-offa

The Government is committed

# Mugabe trainers from N. Korea

MR ROBERT MUGARE, Zimbahwe's Prime Minister, yesterday thanked the North Korean military experts whe had helped train the country's Fifth Brigade, saying that their contribution had "made them one of the greatest friends of Zimbahwe."

The North Koresa-trained The North Korean-traiped unit has been the target of criticism in the Western media because of alleged braiality against civilians in Hatabeleland, where the brigade has been deployed against the Ndebele dissidents.

The Frime Minister called for discipline in the national army, saying: "Any army that turns itself into a peoples' enemy no longer deserved the right to defend them."

The army, he said, must also improve its capability and equipment in order to repulse continued acts of aggression from South Africa.

The Prime Minister, who was speaking during a military demonstration near the mid-lands city of Kwekwe said the national army sharpening"

The Premier, reported by the national news agency, Ziana, said that although there were difficulties in Zimbabwe created by the dissidents in Majaheleland, South African aggression posed a more serious threat.

### Swazi struggle intensifies -

By J. D. F. Jones in Johann THE POWER struggle in Swaziland between traditionalists and modernists has intensified sharply with confused reports that Prince Mahandla Diamini, the Prime Minister, has been ousted.

Minister, has been ousted. Mr Jetro Mamba, the Speaker of Parliament, was reported to have told Parliament yesterday that the Swazi chiefs would be summoned to the Royal Kraal tomorrow. It was not clear whother the Prime Minister would keep his post, but the pressure on him was illustrated by news, that two leading by news\_that two leading traditionalists, Prince Mianasibili Diamini, a former cabluet minister, and Chief Manniwekose Maskeo, had been released from prison. where they faced charges of

sedition.

The position of the Prime The position of the Prime bluister, who is generally regarded as a modernist and who was appointed by the late King Sohluza II in 1980, depends on his influence with Queen Regent Dzeliwe, the "Great She Klephant," who succeeded the king on his death last August.

# Protest over arms to Taiwan

# cabinet is a legacy he inherited created by the death sentence panies, including such proming months ago. He says be now has the opportunity to form one that would reflect his emphasis murdering a political rival. To reactive pointes. A variately is also that with the first active pointes ago that would reflect by the death sentence panies, including such proming panie **Assam brought to near standstill**

BY K. K. SHARMA IN NEW DELHI

ours of "total non-co-opera-The call was made to coincide

with the start of the first session of the Assam legislature, elected last month after four weeks of violence and communal strife which left more than 3,000 people dead. The students were challenging the legality of the legislature. The session began in Gauhati. capital of Assam, where intense patrolling by heavily-armed para-military forces and the

STUDENT agitators in Assam army was ordered to try to brought the north-east Indian prevent violence. There were, state to a virtual standstill bowever, reports of explosions yesterday after a call for 24 and violence despite tight and violence despite tight security.

The legislature was opened by Mr Prakash Mehrotra, tha Assam Governor, and this marked the determination of the Indian Government to face the challenge of the saidents, who are known to have a much greater bold on the people of the state than the Congress (I) Government that took earlier this month.

The session is expected to last a formight.



# Senator John Button, Minister for Industry and Commerce, said the sackings were a matter of "deep regret." He has already expressed dis-satisfaction with BHP's atti-tude to its steel workers, whose ranks are thinning rapidly as BRP struggles with mounting steel losses. At the weekend, the Industries Assistance Commission in Canberra issued a draft report on the Australian steel industry, which recommended higher protection

to propping up the Australian steel industry, but its detailed response to the IAC's draft report will not be known for

# his death last August.

PEKING—China said yester-day it has objected to the U.S. over plans to deliver a record \$1.6bn (£1.1bn) worth of arms to Taiwan ever the next two years.

The Foreign Ministry said the projected sales greatly exceeded the level of U.S. arms deliveries to Taiwan since Peking and Washington established diplomatic rela-tions in 1979.—Reuter

# Sleepy, stable Macao aims to double not quit

BY ROBERT COTTRELL IN HONG KONG

EVERYWHERE in Macao, the builders are at work—even in Government House itself, where walls are being re-plastered and thick green carpets laid. Pick-ing their way through the dusty corridors, Macao's Portuguese administrators look with some satisfaction on the signs of new life stirring in the tiny terri-

Like Hong Kong, which is 45 minutes away by hydrofoll across the Pearl River estuary, Macao is a foreign enclave on the coastline of Southern China. But while Britain gropes its way towards a political comments of the cal accommodation with China over Hong Kong'a long-term future, Macao affects no such

The key difference is that most of Hong Kong is held by Britain under a lease which expires in 1997, forcing a formal reconsideration of its status by that date. Portugal and China have an open-ended accommodation over Macao, and both sides eeem happy to leave tha boat unrocked.



Taipa and Coloane, is just over 16 sq km.
To the problem of its size at least, Macao has an answer. It has a programme of land reclamation extending both the peninsular territory and its islands to double their present area. A protocol for a 110 bectare reclamation in the peninsula's outer harbour area has been signed with a Chinese joint-venture partner, Sociedade Macao became a Far East been signed with a Chinese trading post for Portugal in the 16th century, and enjoyed its commercial beyday when it was used as a balfway house to China by 19th century British opium traders before the colonisation of Hong Kong.

"Macao became a Far East been signed with a Chinese to Construces e Fomento Predial Macao-Zhuhai. Nagotiations are under way with another china by 19th century British colonisation of Hong Kong.

"Macao became a Far East been signed with a Chinese group for an adjacent china by 19th century British like to the north

giant. Macao's total land area, including the two islands of Taipa and Coloane, is just over

lts commercial beyday when it was used as a balfway bouse to China by 19th century British opium traders before the colonisation of Hong Kong.

"Macao has been sleeping for a long time," says one senior administrator. It is no sleeping bauty however. The elegance of its many surviving old wooden buildings is ties of Zhubai, which is a apportion the loss tarnished by dirt and decay. Nor,

The arrangement reached etween the Macao Government and Zhuhai is that Macao will pay for the technical studies of the reclamation, and will install its infrastructure, such as communications and drainage, while Zhubai will supply the labour, equipment and landfill. Macao will retain part of the land for public facilities such

land for public facilities such as schools and bospitals, while leasehold interests in the rest will be sold to the private sector. The Government and the company will divide the revenues in proportion to their respective costs until those costs are recouped, after which all future profits will be split on a 50-50 basis.

The outer harbour reclamation will be aimed principally at office and commercial development, the Areia Preta more towards industry. Studies are expected to be completed in September or October, following which detailed contracts will be drawn up within the protocol. The reclamations will be divided interpretable to the divided inte protocol. The reciamations will be divided into tranches to ease cashflow — earlier tranches to be on the market while later ones are still being completed. The Macao Government is looking towards a period of 25 years between the start of reclamation work and the letting of the final parcel of land. If the project loses money, the partners will similarly apportion the losses according to costs incurred.

lying just across the border.

The minority stake is beld by land area will help its economy are in train for an airport which to diversify the property of the expanding reclamation. Feasibility studies land area will help its economy are in train for an airport which to diversify the property of the expanding reclamation. petition between producers is intensifying while export markets are becoming increas-ingly protectionist.

to diversify. At present, textiles dominate the manufacturing sector—an area in which competition between producers is Patacas 554m (£55m) in 1981, such a project would only be feasible with external finance, and viable only on regional terms rather than in relation The Macao Government has terms rather than in relation in mind projects even more to the Macao population of ambitious than the barbour 408,000.

# To the Shareholders of

COPENHAGEN HANDELSBANK A/S (AKTIESELSKABET KJØSENHAVNS HANDELSBANK)

Against delivery of coupon No. 13 payment will be made of e dividend of 15% (less 30% dividend tax) for the year 1982. We draw the attention to the folder the Bank hee published on the special taxation rules pertaining to shareholders who are residents of U.K. and Ireland. The folder is obtainable from N. M. Rothschild & Sons Ltd., P. O. Box 185, New Court, St. Swithin's Lane, London EC4P 4DU.

Payment will teke place at the Benk's Head Office at 2 Holmens Kanal, DK-1091 Copenhagen, Denmark, or through N. M. Rothschild & Sona Ltd.

Copenhagen, 21st March 1983



COPENHAGEN HANDELSBANK A/S IAKTIESELSKABET KJOBENHAVNS HANDELSBANK)

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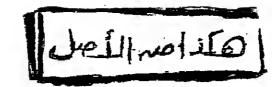
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"Our managers know relocation makes sense. But can we count on them coming with us?"

office rent and rates will fall from around £32 per square foot in the West End, to about £6.50 in Peterborough. And you'll make big savings on staff costs, too.

Your managers understand that. But would they be willing to move themselves?

After all, they have nice homes. Their children are in good schools. They enjoy leisure and shopping in London. And they suspect that culture stops at Potters Bar.

Any move away from London will cut your

So would they want to leave all that? And for what?

# "Won't it mean living on an 'executive' estate?"

Not in Peterborough, it won't.

The choice of homes is outstanding—in the city, in its old and new neighbourhoods, and in the many stone built villages and small country towns nearby. Homes of all ages and periods from ultramodern to Tudor, in all sizes, but all at much more attractive prices than around London.

Stamford, 20 minutes drive away, is a Georgian gem. Oundle is almost as near. Both have hundreds of period houses.

And you can have time to choose, because a house to rent while you look around is guaranteed. So is a house to rent or buy for all the staff you bring with you or recruit later.

# "Fewer shops, less choice, higher prices?"

In Peterborough the opposite is true.
First, there's Queensgate, judged Europe's finest new shopping centre. It has a magnificent John Lewis, five other major stores, 80 smaller shops, a bus station and parking for 2,000 cars.

It's right in the heart of the city, surrounded by hundreds of other shops and stores, and Peterborough's lively charter market.

It adds up to one of England's finest city centres, set against the backdrop of Peterborough's magnificent cathedral.

# "What about golf?"

In Peterborough we have three golf courses, one designed by Peter Allis and Dave Thomas. The River Nene offers England's best coarse

fishing, as well as sailing and cruising.

There are new sports centres, swimming pools and hundreds of pitches for sport of every

kind.

We have England's biggest ice rink. And opening soon is a 22 court tennis and badminton

college, a 1,000 metre rowing course, and a city centre snooker hall.

Horse-lovers can ride miles of bridleway and country routes. There's hunting with the Fitzwilliam and the Quorn, and Burghley Trials are held just up the road.

The huge East of England Showground holds its annual round of national shows and rallies.

Nene Park reaches into the city centre. Its 2,000 acres of countryside offers cycling, walking, picnics and adventure play. On its 130 acres of lakes you can sail, wind-surf or row. And Nene Valley Steam Railway, scene of many TV programmes and home of Thomas the Tank Engine, runs right through the Park.

# "Won't people miss the West End?"

We doubt it. For two reasons.

First, because Peterborough is just 50 minutes by train from London—closer in time than Tunbridge Wells. There are over 30 trains a day each way, from early morning to past midnight.

And second, because Peterborough has its own star attractions.

own star attractions.

The riverside Key Theatre hosts London companies including the RSC. National orchestras, jazz and chamber groups play in the city—and Peterborough Festival of Country Music is a big

international event.

There are scores of restaurants and eating places serving excellent English and Continental dishes, in manor houses and hotels, in pubs and night-clubs, in city and country.

# "Won't our children's education suffer?"

Cambridgeshire's schools compare with the best in Britain. Its pioneening village colleges and community schools are centres of learning and recreation for children and for parents.

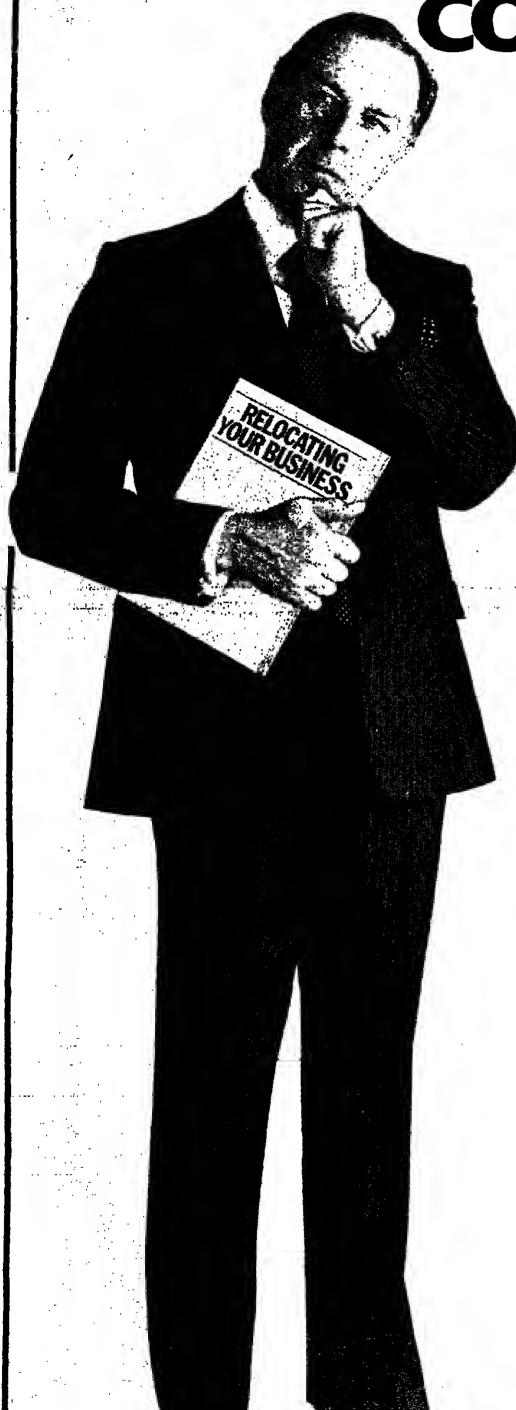
In the independent sector, there's an excellent local choice—in Peterborough, in Stamford, in Oundle—and Cambridge is only 30 miles away.

Peterborough Technical College has over 6,000 students on courses covering business management, computer and professional studies, academic, craft and technical subjects.

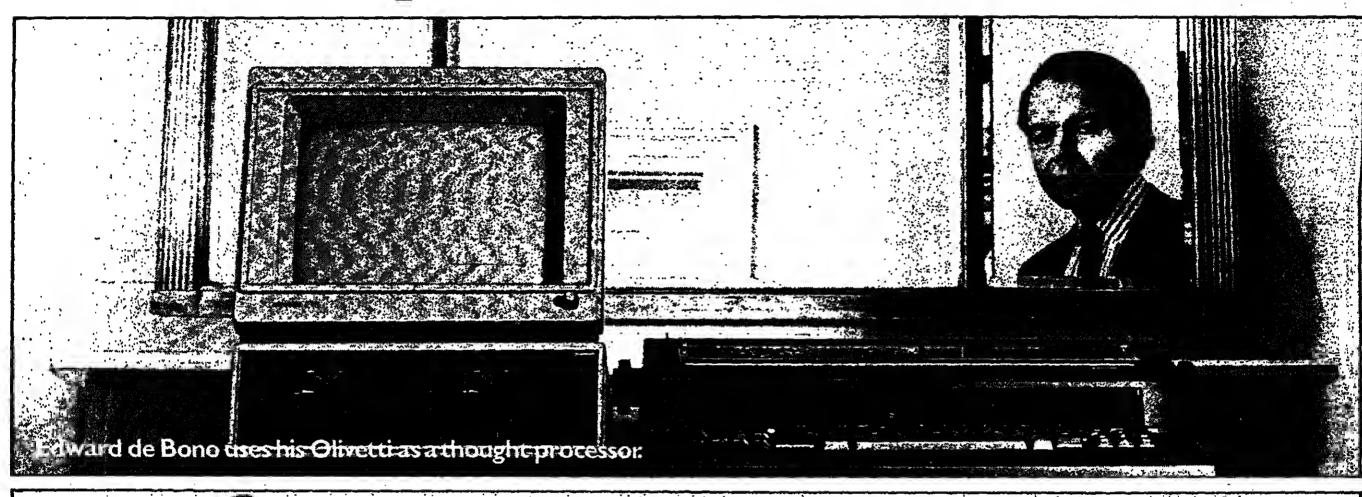
There is much more that we can tell you about Peterborough. It's a superbly equipped regional centre with strong, stable character, and a population of I20,000. The facts are all in our Information Pack.

For your copy telephone John Bouldin on Peterborough (0733) 68931. Or send the coupon to Peterborough Development Corporation, Touthill Close, Peterborough PEI IUJ. (Telex: 32825).

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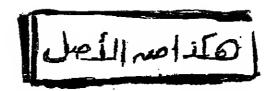
# What our word processors do in their spare time.

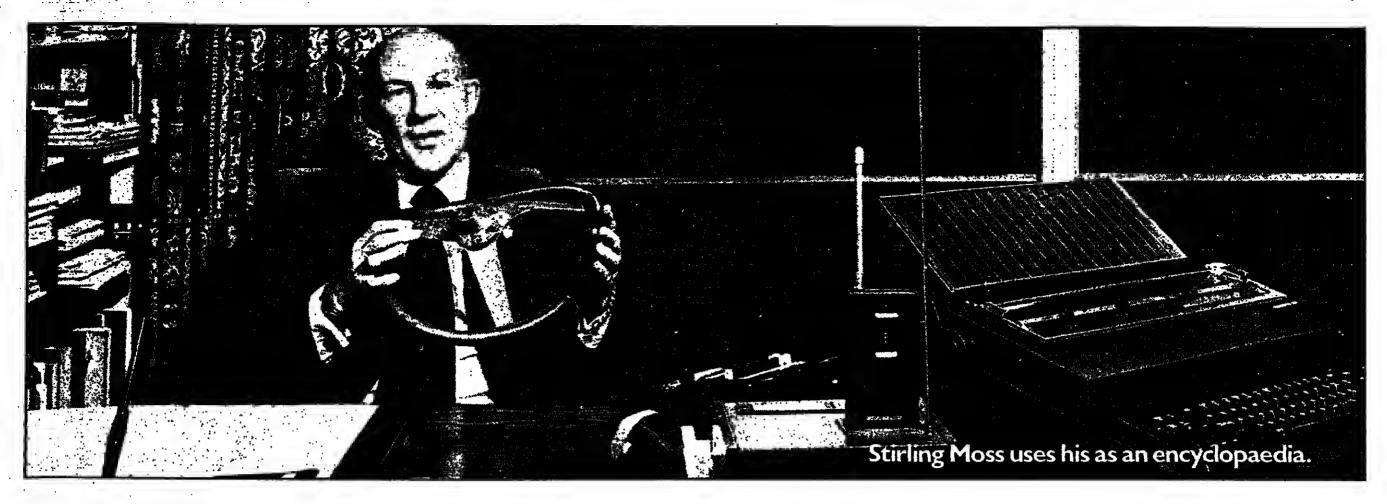






Jellas 50





You may have read somewhere that we humans only use one tenth of our brains.

Goodness knows why. But it must be catching.

Because it seems we only use a quarter of our word processors' brains, too.

According to research, people use our machines mainly for cut and paste jobs on long documents.

For personalising standard letters, centring headings, numbering paragraphs, that sort of thing.

But what are their hidden talents?

We asked four of our customers to tell you how they bring out the best in their Olivettis.

Processing ideas.

According to Edward de Bono, it's the very name 'word processor' which limits our vision.

You'd get a lot more out of our machines if you called them 'thought processors' and used them for solving problems.

Say, for example, a corporation asked you to help reduce illegal parking in city centres.

You type into your Olivetti 'thought processor' every random thought about the problem. Crazy and sane. From traffic statistics to the sort of shops car owners visit.

You freeze this list on one half of the visual display screen, then refine it on the bottom half, a technique called windowing unique to Olivetti.

(There's no need to limit your imagination; you can scroll both halves of the screen to accommodate even the most prolific minds.)

Next you can clear the top half of the screen and expand your short list, possibly using our automatic paragraph numbering with six different sub-divisions (numbers, letters, roman numerals, etc.).

Hopefully the wood will begin to show clearly through the trees and you may end up with a classical de Bono shaft of light.

For example, drivers can park anywhere they want so long as they leave their headlamps burning. Good idea? Ask your word processor.

Dyslectic typing.

"From time to time my typing suffers from dyslexia," confesses Kingsley Amis.

"Usually it produces the sort of literal that infuriates publishers.

But once it added gratuitously to my reputation as an anagrammatical wit.

In an article on Graham Greene's 'The Power and the Glory's about the travails of a whisky priest, my fingers and my typewriter conspired to write The prist is a bad priset.'

All of which is behind me. I now have the Olivetti 'spelling disk'.
I'm told it holds some 80,000 words with space for a further
30,000 of one's own particular terminology.

It will literally proof-read my manuscripts, high-lighting any word misspelt or letters transcribed, so I can then correct them."

(If you have a word on the tip of your tongue you can also ask the machine to show you on the screen every word that begins with, say,TRA, and the dictionary will roll before you like the credits of a film.)

On the boil.

One of the exhibits in the Museum of Modern Art, New York, is an Olivetti portable typewriter.

In the Boiler House Project at the Victoria and Albert Museum there's one of our 1010 Word Processors.

Not on show. At work.

It's the nucleus of their archives. The origins of a huge data base.

The Boiler House Project will include a comprehensive history of 20th century design and feature many of its outstanding examples.

Instead of toiling through reference books you'll sit in front of one of our visual display units and call up all the information you need.

The Olivetti 1010 will not only give you access to all relevant design experience (as well as the marketing and accounting aspects of it) it will print it for you, so you won't have to take notes.

All within minutes rather than months.

Researchers accustomed to the Bloomsbury Reading Room will simply have to find somewhere else to spend the winter.

Gathering no moss.

When we heard that Stirling Moss uses one of our machines, we hoped that it would be our ETS 1010 which, in addition to the other talents we've described, does five function maths.

Knowing that Stirling is on the Board of several companies, we envisaged him working out percentages and doing rudimentary ledger work.

But as it happens, he has one of our smaller word processors, the 351 with an external memory store.

On its floppy disks, Stirling Moss keeps a sort of encyclopaedia of motor racing history.

Soon he hopes to have on record every race, driver, circuit, and pit-stop correct to the first twelve places.

His love of technology amounts almost to an addiction. So it's faintly surprising that he doesn't use one other aspect of the 351: with just a small adaption he can use it as a telex machine.

The cost.

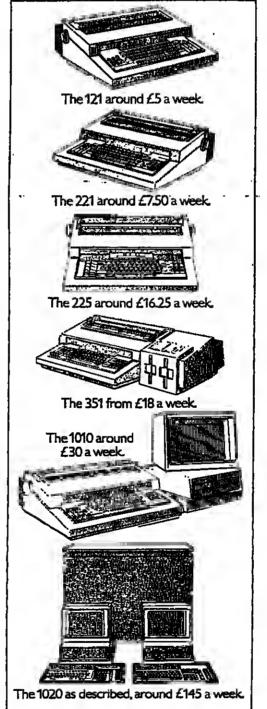
You can see little drawings of the Olivetti range with approximate leasing costs above.

It starts with electronic typewriters which store a few lines of type and ends with the centralised filing system that can hold the entire works of Shakespeare.

The good thing is that you can upgrade most of the smaller machines so you can choose one with a fairly modest starting price and enlarge it later.

The coupon below will bring our brochures winging to you.

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archive

# Bignone breaks the foreign policy rules

year's Falklands crisis, the one problem with Argentine foreign policy is that you are never really sure who is running it

In his main speech before the Non-Aligned summit in New Delhi, President Reynaldo Bignone condemned South African apartheid, praised Cuba's President Fidel Castro, invoked the Palestinian cause, and implicitly stated his support for the plight of revolutionary movements in Central America by claiming the crisis there was a product of "social injustice." "My country does not accept a world view that reduces everything to a permanent ideological and military does the summarised.

e speech on the advice of the civillan Foreign Ministry, traditional Portionary.

Gen Bignooe's speech was the most ootspoken assertion of Argentine non-alignment made hy any Argentine President since the Second World War when Gen Juan Peron edopted the "third position" doctrine. Gen Peron reasserted Argentine's traditional neutralism and defined a redical independence from both the Soviet Union and the U.S.

Much water has flowed under the hridge of Argentine foreign policy since Gen Peron's first West" he summarised

"Bignone, phone bome," edvised the warm little monster

A high-ranking naval officer

AS Gem Alexander Haig, the ing all three services, censored former U.S. Secretary of State, out a piece of Argentine TV found out to his cost during last film of Gen Bignone's meetings with Precident Costs and March Precident with President Castro and Mr Yassir Arafat, the Palestinian leader in New Delhi.

At the highest level of the Two weeks ago Argentina's military junta, there was parallel diplomacy—or multiple reportedly a firm conviction diplomacy as some local that Gen Bignone bad broken a observers put at—reared its sacred military rule by making head again with a vengeance.

the hridge of Argentine foreign policy since Gen Peron's first Presidency, not least the changing nature of Argentine Back in Buenos Aires, a local
magazine printed a cartoon
showing a meeting between
President Bignone, the NonAligned Movement's president,
Mrs Indira Gandhi, and ET.
Presidency, not least the
changing nature of Argentine
military governments. By assuming part of the rhetoric of Gen
Peron's first
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presidency, not least the
magazine printed a cartoon
president Bignone, the NonAligned Movement's president,
president presidency, not least the
military governments. By assuming part of the rhetoric of Gen
president by a president by rorigin Minister, hugged Fresident Castro in Havana, and Gen
dent Castro in Havana, and Gen
delteri, then President, sent
Col Muammer Gadaffi of Libya
an Argentine stallion. But for
all its scymbols, the U-turn in
Argentina's view of the world
has remained ripe with contradictions. world view which sustained the military regime when it took

commented: "If we had our war" between way, Bignone should be sacked immediately on his return," was produced as a Within the army and air force, other officers were also furious. The Public Information Service, wing guerrilla movements and commented: "The rhetoric has not been matched, for instance, with any substantial progress in breaking Argentina's dependence on the West. Its foreign debt is still the media watchdog represent- anyone judged to be remotely tied to U.S. and British banks,

"crusade" extended beyond Argentina's frontiers to include backing for a Bolivian military coup in 1980 and the sending of advisers to El Salvador.

The one joker in the pack of Argentine foreign policy over the past seveo years has been the Soviet Union. Moscow has made sure that Argentine military officers and diplomats have turned a blind eye by itself remaining mute at the United Nations on Argentine human rights violations. It also has key economic importance as the main purchaser of Argentine

The rest of the Argentine military's sacred values were turned npside down by the Falklends war, and Gen Bignone's speech was in part a reflection of this. Argentina's confrontation with a Western power and its adoption of the anticolonialist flag to justify its claim to the islands forced the military regime into links which were hitherto taboo. Sr Nicanor Costa Mendes, then the Foreign Minister, hugged Presi-

and Europe has re-established itself as a leading trading partner and investor.

The peculiar vested interests of military officers have also communed to equal and often outflank the lines drawn by civilian diplomats in their restructuring of the country's foreign policy.

Recently Gen Edgardo Calvi, the army Chief of Staff publicly the army Chief of Stan punicity reiterated the strong ties of friendship that still exist between the Argentine and South African armed forces and resurrected the concept of the South Atlantic pact—the theoretical agreement which binds the two countries in a common two countries in a common defence of the ocean.

The Foreign Ministry's rapprochement with Arab states has extended to the Palestine Liberation Organisation (PLO). But the Argentine army and air force bave built strong ties with the Israelis. Tel Aviv reportedly has become one of the main sources for second hand Soviet military equipment and first hand Dagger fighter aircraft.

Recent reports from Central military advisers are continuing to play to key role in the run-ning of the Honduras army and police and the training of Right-wing Nicaraguan exiles. This violates the new relationship struck up by Argentina's foreign ministry with the Left-wing Nicaraguan Government during January's meeting of the Non-Aligned Foreign Ministers

in Managua. By choosing to go personally

to the Non-aligned summit, Gen to the Non-aligned summit, Gen Blgnone had boped to under-line the priority status which the Felklaods issue still has in Argentine foreign policy. The aim—which was achieved—was to gather broad backing for an early resumption of negotiations with Britain on the future of the islands.

Privately. Argentine diplo mats had insisted for several weeks that a categorical statement of non-alignment was necessary for Argentina to counterbalence successfully the intense lobbying carried out by Britain among the English-speaking African states. Gen Bignone's speech was thus opportunistic rather than ideo-

Such a view has clearly not been shared by members of the armed forces and events in New Delhi bave thus been cllowed to add to the uncertainty in the country's already highly-charged political atmo-

In Gen Bignone's favour is the support of the two major political parties, the Peronists and the Radicals. They have warmly welcomed the New Delhi speech as a faithful reflection of their own "autimperialist" sentiments while urging the President to turn his views into something more

# Argentina reduces interest arrears

ARGENTINA IS rapidly bring-ing interest arrears on its public sector foreign debt up to date in order to pave the way for completion of a \$1.5bn (£1bn) loan from commercial

Senior Argentine officials ettending the Inter-American Development Bank annual meeting in Panama City, said that about \$200m-\$250m in back interest from December has been paid over the past two weeks. The authorities have now authorised payment on almost \$250m in back interest

from January.

A prior condition of the loan balance of payments deficit is A prior condition of the loan is that Argentina be up to date with all interest payments at the time of disbursement. The country's economic atabilisation programme with the International Monetary Fund also specifies that deht servicing be industrialised world. U.S. ex-

current by June 30.

Commercial banks were yesterday due to present Argentina with a draft copy of the \$1.5bn loan agreement. The the \$1.50n loan agreement. The draft is etill subject to negotiation but officials hope the loan can be signed in the second half of April.

Talks on the legal conditions of the \$1.50n loan have proved difficult

IDB chief urges concerted effort to aid Latin America

BY PETER MONTAGNON IN PANAMA CITY

international initiative to revive the flagging economies of Latin

Over the past two years, the recession has meant a loss of combined gross national pro-ducts of the region of \$102hn (£68bn) compared with its previous Iong-term growth trend he told the bank's annual meeting.

industrialised world. U.S. ex-ports to Latin America fell by 23 per cent last year, their

it was, therefore, in the common coming balance of payments international interest for the deficits.

region's growth to be revived. As part of this radical revitorough a restoration of net financial flows.

Description of payments deficits.

As part of this radical revitoring the payments of the radical revision of long-term development policies, Latin American compositions.

THE president of the InterAmerican Development Bank,
Sr Antonio Ortiz Mcna,
called yesterday for a concerted tolcrable sacrifices of economic tolerable sacrifices of economic and social well-being, but also threaten the very survival of our present system of international co-operation and co-existence."

> But there was also a need for But there was also a need for a major re-adjustment of Latin American economies, which in a number of cases would involve restraining aggregate monetary demand while stimutating productive industry. The region's governments should take care to ensure that the cocial costs of made political waters arread. of such policies were spread

"It is urgent for each country to review critically the content and direction of its public investment programmes and of its policies to encourage private investment," he continued.

23 per cent last year, their This will help identifying largest annual decline since the those priority undertakings with var. maximum impact on employ-Sr Ortiz Mena suggested that ment, growth and belp in over-

tine Foreign Mioistry: "There woo't be any cohesioo in Argentina also still has to military go and we have a democratic government."

difficult "An alternative approach, tries should also place more with bank our present problems by remitted and protection course to antarchic and protection in Central America, he added.

# IMF 'should be free to tap private markets?

BY WILLIAM HALL IN NEW YORK

THE International Monetary banks in key financial centres; Fund (IMF) may need an extra issuing short-term obligations \$9bn (£6bn) over the next 12 such as commercial paper; and month, and for this reason tapping the international bond should be permitted to tap tha private financial markets for the first time, according to a study

prepared by the Group of 30. bankers, bankers and academic status is more readily under-economists, argues that the IMF stood by the professional bank-should prepare to make an early ing community.

members have been reluctant to credit amount to SDR 9bn. sanction such a move because . Against this, the IMP's they fear it would change the disbursed commitments of character of the fund.

The Group of 30 study recommending that the IMF should be permitted to borrow has been prepared by a distinguished group of bankers.

McMabon, deputy governor of the Bank of England, Mr Alexandre Lamfalussy, economic adviser of the Bark of International Settlements, and Dr Otto Emminger, the former president of West Germany's Bundesbank.

and of that a further SDR 9bn was due to be financed from borrowed resources, reducing the total available to zero. It notes that under the General Agreement to Borrow (GAB) totalled SDR 6bn. But it is

Initially, it might be advisable for the fund to concentrate on The IMF has never borrowed market where funds are obtain-from the private markets but able in larger amounts than on the study prepared by the group, the interantional bond market an influential team of central and where the IMF's special bankers, bankers and academic status is more readily under-

should prepare to make an early ing community, entry into the commercial markets for relatively small subscriptions by the IMF's 146-sums to pave the way for the rapid mobilisation of larger remain the basic source of the amounts in case of sudden need.

Although there is nothing in the IMF's articles of agreement resources available for lending preventing it from borrowing amount to SDR 15bn (£9bn) and agreed undisbursed lines of members have been reluctant to credit amount to SDR 9bn.

Against this, the DKF's unstandby and extended ... trange-ments are estimated at about

It estimates that some SDR 7bn of this was due to be financed from the fund's quota These include Dr Johannes resources, reducin gibe amount Witteveen, the former managing still available from this source director of the IMF, Mr C. W. for new lending to SDR Sbn, McMabon, deputy governor of an dihat a further SDR 9bn was the Bank of England, Mr Alexardre Lamfalussy, economic borrowed resources, reducing

The study examines the clear that not all these lines of various ways the DMF could credit could be utilised at the borrow. These include taking same time and at present are short-term deposits from banks restricted to use by participants or arranging lines of cerdit with in the agreement.

# Japan fears politics will dominate May 28 summit

BY ALAN FRIEDMAN

ginia, economic summit on May 28 might be dominated by and gas technology to the Soviet energy matters.
Union. The Japanese

According

Japanese According to Japanese Government officials, tha Reagan Administration is pro-Reagan Administration is proposing that the two-day summit devote 50 per cent of its working time to East-West affairs. The Japanese, in particular, are worried that the summit could degenerate into a political rather than a financial meeting. The U.S. agenda calls for discussion of two broad areas—the macroeconomic situation, and East-West affairs. Under the first heading, it is expected the

THE JAPANESE Government summit will deal with policies and some European officials are to aid a world economic becoming concerned that the forthcoming Williamsburg, Virses tate of the international mone-

tary system.
This would take in the state May 28 might be dominated by a debate over East-West echnomic relations and a new such as the International MoneReagan Administration initiative to restrict the sale of oil Unctad and Gatt, as well as

The Japanese are only willing to spend "a maximum of 20 per cent of the summit" on East-West affairs, but fear the U.S. Government will insist on spending more time to persuade its allies to tighten the flow of oil and gas equipment to the East-hloc.

# Ruckelshaus to head environmental agency

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan rassed by the controversy, a westerday appointed Mr the Agency has become a symbol both of his environmental protection Agency, for months the centre of raging political controversy in Washington.

Mr Ruckelshaus who were the respected Mr Ruckelshaus, be Agency's first administrator, replaces Mrs Anne Burford, who resigned under pressure two weeks ago.

Protection Agency, for months the centre of raging political soniroversy in Washington.

Mr Ruckelshaus, who was the Agency's first administrator, replaces Mrs Anne Burford, who resigned under pressure who resigned under pressure and or nis attitude to big business in general. By appointing the respected Mr Ruckelshaus, he hopes both to restore strong management and improve the Agency's image. Mr Ruckelshaus, now a senior

The Agency has been racked with accusations of mismanagement, dubious personnal policies, and of being too Washington, was the Agency's friendly with hig business, administrator from 1860. to Mr Reagan bas been embar- 1973,



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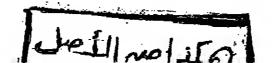
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# British firm to clean Iraqi airport

PRITCHARD SERVICES GROUP. Londen, has been awarded an 18m three-year cleaning and maintenance contract at the new Saddam International Airport in Baghdad, Iraq. The contract involves continuous cleaning and maintenance of the entire airport complex on e 24 heurs-a-day, seven days-a-week basis. It evers confices, shops, 25 catering areas, check-in desks, concession areas, banks, staff accommodation and rest rooms, and includes internal and external windew cleaning and maintenance contract worth almost the Camberley Leisure Centre for Bath City Council.

\$1.5m and Invelves the censtruct ration of swimming pools, sports tion of swimming pools, sports tailors and their tanks will be built locally.

\$\$ERCK CONTROLS, a member of the BTR Group, has been awarded a £1.75m contract fer the Central Luconia SCADA (Supervisory Control and Data Acquisitien) system by Sarawak Shell Berhad. The Central Luconia gas field is in the Sarawak coast and has been developed by Shell as part of a contract and ceveloped by Shell as part of a contract and includes internal and external windew cleaning and maintenance contract worth almost the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sarawak coast and has been awarded a £1.75m contract fer the Central Luconia gas field is in the Sar and external windew cleaning and the provision of full-time tollet attendants.

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Hiller

DOW-MAC CONCRETE bas been ewarded a bateh of contracts worth £1.2m. Conder Midlands has placed an erder for a £600,000 mutti-storey park of 600 spaces at the Isaac Newten Centre Development al Grantham en behalf ef Merrison Developments. Dow-Mac has also been commissiened by Deacon Construction to bnild e multi-storey car park worth £160,000 with 126 spaces alongside a Waltrose supermarkat at Sevenoaks for Frazerwood Development.

An office building is to be

ment.
An office bullding is to be built in Cambridge under a £130,000 contract, placed by R. G. Carter (Theiford) fer Marshalls of Cambridge. It will form part of a complex designed to convert TriStar aircraft into bulk carriers fer the RAF. An industrial warehouse. industrial warebeuse costing £300,000 at Tettenham has been erdered by Whittingham Construction for Courinay Pope.

# £7m work for Rosser and Russell

Building services engineers, the ROSSER AND RUSSELL GROUP has wen nearly £7m werth of business. Contracts include Clacton Hospital phase-one (valued at £590,000). Lewisham Hospital phase-one B (£420,000). Hammersmith Hospital (£200,000). Lution and Dunstable (£164,000) and Lady Chichester Hospital, Hove (£97,000). plus University College Hospital Pharmacy (£37,000). Work fer Commercial Union at 1, Moorgate, EC2, is worth £1.7m. Other work includes a £214,000 contract for the Old Vic; a £195,000 contract at the Marlow Theatre,

COURTAULDS ENGINEERING has been awarded overall project responsibility for Cadbury's ereme units plant which is currently under construction at its Bournville factory in Birmingham. The contract valued at £5.2m, is due for completion this year.

PRIAM (EUROPE). Reading, has signed a \$6m (£4m) contract with Philips Data Systems. Eiserfeld, West Germany. Under the two-year contract, Priam will supply its 3450 (35 Megabyte), and 7050 (70 Megabyte) high performance eightinch Winchester disc drives for use mainly in Philips storage subsystems within the P4000 business computers. business computers.

Export orders worth over £3.5m bave been won by the Stainesbase been won by the Staines-based cemputer peripherals maker, NEWBURY DATA RECORDING, fettowing the decision to double the size of its German subsidiary. The erders, from Computer Technik Mueller of Kenstanz, Cologne systems beuse Logis, and a third German cemputer cem-pany, were fer a total of 1,250 cartridge module drives. cartridge module drives.

The Dairy Marketing Board in

The Dairy Marketing Board in Zimbabwe has bought 36 6x4 DAF trucks worth 10m guilders (£2.21m) which will be used to transport milk. The board is the government agency responsible for the distribution of the milk throughout Zimbabwe and eperates over 100 DAFs. The purchase of the trucks forms part of a larger Zimbabwean purchase of the trucks forms part of a larger Zimbabwean dairy produce project under which milk will be stored in cooling tanks fer collection at the farms. The Norwegian Government is making available 400 cooling tanks, each with a capacity of ebont 4,000 litres, under its development to-operation programme. The Dutch Ministry of Development

SERCK CONTROLS, a member of the BTR Group, has been awarded a £1.75m contract fer the Central Luconia SCADA (Supervisory Control and Data Acquisitien) system by Sarawak Shell Berhad. The Central Luconia gas field is in the South Chine Sea off the Sarawak coast and has been develeped by Shell as part of a production sharing agreement with Petronas, the Malaysian national oil company. There are initially two offshore cemplexes, the gas from which will plexes, the gas from which will be piped onshere te feed e gas liquefaction plant at Bintuln. Engineers and computer specialists from both Petronas and Sarawak Shell Berhad are and Sarawak Shell Berhad are participating in the development of the system. The SCADA system wilt provide remnte control ef key operational parameters, mentering ef plant status, remote plant shutdown, acquisition and sterage of enline data, and recording of routine reports fer production, reservoir and maintenance engineers. reservoir engineers.

A £1.7m contract for a computer system to record administrative delails of patients in seven District Health Authority areas in the Nerth West Thames Region has been awarded to ICL. In addition to replecing the evicting mechine at Charing the existing machine at Charing Cross Hospital in Hammersmith and Fulham Health District, the and Fulham Health District, the Regional Health Autherity has edvanced its plans to instal computers to run patient administration systems in Nerth Bedfordsbire, North West Hertferdsbire, Seuth West Hertferdshire. Barnet, Brent and Victoria Health Authorities

The CAPITAL CHAPMAN GROUP has a £1.5m design and build centract with Waverley District Council for 52 elderly persens' flats on land at Lion Mead, Haslemere, Surrey.

Burtons Geld Medal Biscuits has placed orders with the biscuit division of SIMON-VICARS (a SImon Food Engineering company). Newton-le-Willows, for two complete biscuit plants worth together over £1.5m. The plants are to be installed in the Llantarnam, South Wales, factery. One is fer the production of the fameus Wagen Wheels blscult, at 1,000 sandwiches a minute.

System 25 retail application systems, which will run ICL's Handi 25 heme improvement and building materials package.

Evans Products will mainly
use the equipment fer in-store
controlling and processing in
selected locations throughout its 348-store chain.

A £Im contract for supply of commercial refrigerated display cases te Saudi Arabia over the next five years bas been signed next five years bas been signed in Glesgow. Mr William Nicol, great-grandson of the founder of the family firm of CRAIG-NICOL, signed the contract with Shelk Saeed O Sager, managing director ef Sager International Company ef Saudi Arabis. The equipment will be used in food stores, supermarkets, restaurants and works centeens.

A contract valued at £800,000 bas been awarded to HONEY-WELL CONTROL SYSTEMS by Bechtel (GB), for a TDC 2000 process management system fer use en Mobil's Beryl "B" eff-shore platform. The supply of a 4500 computer is included in the contract.

# J.M. Jones wins £7m order

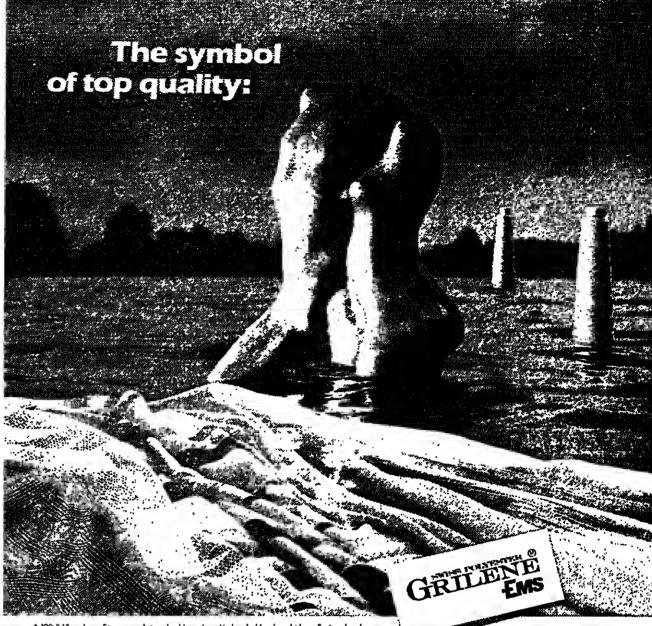
J. M. JONES AND SONS has wen a batch of contracts worth over £7m. The targest contract, worth £1.4m, is fer a five-sterey library extension at the University of Reading. Other work includes a £1m contract for Barjac Developments to build offices with car parking beneath in West Drayten, twe contracts awarded by Markham Developments, one for £722,000 to build an Industrial warchouse development, and the ether, for £694,700, to build a bus depot for Alder Valley Bus Company; and an extension to a telephone exchange and associated external works for British Telecom and the Property Services Agency under a £797,359 contract.

WARINGS CONTRACTORS bas warings contractors has been awarded a £25m contract te build the Southern Water Autherity headquarters at Otterbource, near Southampion. The building at Waterworks Road will be a two and three-slerey construction occupying 40,000 sq ft. Work has started for comoletien at the end of April 1984. The building will have a reinforced concrete frame structure with the external walls clad in work includes a £214,000 contract at the Marlow Theatre, Canierbury; and an £89,000 centract at St Paul's Girls' School theatre.

W. E. CHIVERS AND SONS has been awarded two contracts for work en leisure centres at Camberley and Bath, The contract at Camberley is worth in gmilk tanks, also with a great contract at Camberley is worth in gmilk tanks, also with a great contract or the programme. The Dutch Ministry of Development for the production of the Co-operatien is to pay half the production of the Co-operatien occupying 40,000 sandwiches a minute, and the other is a major plant for traditional biscuits. Beth plants are scheduled for completion this year.

Licbtenvoorde, the main pletion this year.

Lich has signed a £1.4m contract with Evans Products Company tract at Camberley is worth ing milk tanks, also with a of Portland, Oregen, to supply landscaping and planting.



▲120,2.13 \*Love Story», sculpture by Hans Jorg Limbach, Hambrechtskon, Switzerland

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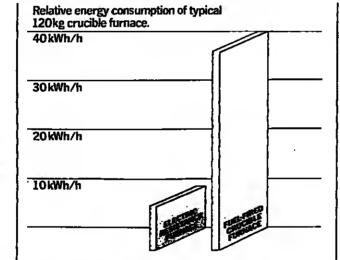
# Electricity. Controlling production costs.

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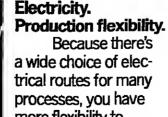


Top left: This Excel Heat LTM furnace provides a low-cost service for Allen Ygnis Boilers Ltd. Bottom left: Truline Ceiling Products Ltd achieved a six-fold increase in productivity with their intra-red tunnel oven supplied by Health and Safety Engineering Ltd.
Right: Eight new inductotherm furnaces helped British Engines Ltd to double exports, increase product



The high efficiency of electric resistance furnaces minimises heat losses and can significantly reduce energy costs.

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The Electricity Council, England and Wales

# Iraq boom ends for Jordanians

JORDAN's previousty beem-JORDAN'S previously boom-ing export and transil trade with Iraq is being badly hit by Bagbdad's cut in imports. Local manufacturing com-panies, which invested in new plants, and trucking complant, and trucking com-panies are now in difficulty because of the decline in

After Iraq lost the use of its own port of Basra at the start of the Iran-Iraq war it began to increase rapidly its use of Agaba on the Red Sea. Imports through Aqaba grew from 3m tonnes in 1980 to almost 8m tonnes last year. And some 38 per cent of Jor-

going to Iraq.

The long blgbway which linked Aqaha to Baghdad has begun to fall npart under the impact of trucks which in the past were often over-loaded by np to 50 tn 100 per cent. In theory the Iraqis are to pay for a major new high-way, but work on this has only

Many Jordanian businesses entered trucking on the back of the transit trade to Bagh-dad. "You suddenly had an influx of Mcrcedes trucks driven by Filipinos," says one diplomat. The state-owned Jordan-Iraqi Land Transport Company, set up in 1980 and the owner of 750 trucks, last week announced a profit of Walter Ellis reports on the background to a submarine order from Taiwan

# Dutch get into deep water with both Chinas

THE PEOPLE'S Republic of Cbinese amhassadors and most China, since opening for of their respective staffs duly husiness under the post-Mao leadership of Den Xiao Ping, io the opinion of many anxious deal, even involving military

Is diminutive alter ego, the Republic of China — better known as Taiwan—has no such qualms and is currently in the front rank of smaller trading nations. Mainland China, however, reserved, proceeding these ever, reserves a special place in its demonology for Taiwan, and this detestation bas for the past two years come to touch on the Netherlands, which trades with Talwan with a determined and, some would

Peking. The Netherlands was told that relations between the two countries were to be reduced to charge d'affaires level and, on the trade front, Royal Dutch Shell was told to stop work on its search for oil in China's Shanxi province. Chinese ships began a hoycott of Dutch ports.

It would be too much to say that the Dutch Government was unmoved. It was not prepared, bowever, to force RSV to cancel the project — which was worth \$500m — and the Dutch and

leadership of Den Xiao Ping, protested that a commercial to the opinion of many anxlous deal, even involving military businessmen has still to put its money where its mouth is in recognition of Taipei, but terms of trade.

Peking felt otherwise.

For the Netberlands affair presented a dilemma. On the one hand, as an active trading nation faced with international recession, it could not afford to turn away business with a dynamic partner like Taiwan. On the other, it did not want to blight its long-term trading interests by alienating the world's most populous, and potentially richesi, nation. To some extent, events have

say, reckless abandon.

In 1981, Taiwan ordered two submarines for its navy from wilton Filenoord, part of the RSV sblpbullding group. The order was controversial and immediately drew fire from Peking. The Netherlands was orders for Dutch industry this told that relations between the Dutch and the Taiwanese is flourishing, and there have been strong hints from Taiwan recently of an additional immediately drew fire from orders for Dutch industry this told that relations between the Dutch and the Taiwanese is flourishing. year if only Wilton Fijenoord will come up with the sub-marines, as contracted, in spite RSV.

Commenting on recent re-marks by Mr Ruud Lubbers, the Dutch Premier, to the effect that the submarine deal is a purely commercial matter and that Taiwan, if it wants the vessels delivered, must come up with the money itself, Free China Weekly observes: "The Prime Minister is now



merciai matter

deal is nothing to do with the Government, which is not quite true...should the Dutch want to get out of (the deal), they should do so honourably and openly and not by evasion." Wilton Fijenoord, lt should Wilton Fijenoord, it should be said, is only too anxious to produce the goods but is severely bampered by the fact its parent company has spent the FI 280m advanced by Taiwan in 1981 on a failed coal-mining project in the U.S. Mr Lubbers has rejected all appeals for state assistance—that would be too overtly political as welt as expensive—

is hoping for a purely commer-cial rescue, even if that meant participation in Wilton Flienoord by Taiwan, he would almost certainly not obstruct. The ambiguity—hotly denied in the Hague—of the Netherland's links with Taiwan Is currently best displayed by a new

contracting party to the deal (it owns 49 per cent of Martinair). KI.M replies that its involvement is "a purely technical, administrative affair." while the Government avers that its are China." Policy is not

forward in their relations with

In the less controversial field will follow trade.

but is at the same time unwill-ing to see a possible 1.500 men things are progressing steadlly. It is at the same time unwill-of day-to-day trade, meanwhile, things are progressing steadlly. The first 10 months of 1982 saw is hoping for a purely commer-Talwan sell F1 579m worth of goods to Holland while buying Ft 270m worth in return. This compares with sales to the Dutch in the whole of 1981 worth Fl 805m and purchases of Fl 223m. The imbalance is in the Hague—of the Nether-land's links with Taiwan is currently best displayed by a new air service due to start next month between Amsterdam-Schlpbol and Taipei. The Dutch end of the rouse is registered in the name of Martinair, an independent air-line, but is to be run. Inaugurally at teast, by KLM, the state carrier. Taiwan has always claimed that KLM is a contracting party to the deal ment (Fl 40m) and others

What is worrying the Dutch (and angering Peking) is the suspicion that Taiwan may be the Government avers that its "one China" policy is not altered by a commercial deal between two companies, China Airlines and Martinair.

Once again, Taipei sees things differently. The new route will be the first direct, scheduled air link between Europe and Taiwan and is being pushed by the island Chinese as another step forward in their relations with the More since Inverse there. using the Netherlands as a testthe Hague, since January there the West. An official trade has also been a Dutch trade detegation armed with cheque commission in Talpet. For the books, arrived in Amsterdam Taiwanese the hope—however last week.

(Fl 239m).

# Pilkington agrees float glass venture with Chinese

PILKINGTON Brothers yesterday signed a joint venture agreement with the Chinese Government to employ its float glass technology in a new \$120m plant in Sbanghal.

A licencing agreement is expected to be ratified in several

wecks.
Mr Solomon Kay, a company director, said that 40 per cent of the project would be represented by imported equipment. "a good slice" of which would come from Britain.

which would come from Britain.
Financing arrangements for
the project, which have not
been disclosed, are being
handled by United Development Incorporated, the Hong
Kong-based company of International industrial entrepreneur, Mr Shaul Eisenberg.

Pilkington and UDI will each have a 12.5 per cent share in the venture as Shanghai Pilkington Yaohua glass company. The 75 per cent Chinese share will be controlled by the Ministry of Building Market and the Runk of China industry and the Bank of China.

The plant is scheduled to begin operations in 1985-86 and wilt have an annual salesble capacity of 200,000 tonnes.

After today's signing in the Great Hall of the People, Mr Kay said that, under the licencing arrangements, Pilkington would receive royalties on glass production for an an-disclosed period. He said that foreign exchange costs would be met as much as possible from glass exports.

### End to row with Moscow BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

PILKINGTON BROTHERS, the British Press in August 1981, UK glass manufacturer, has about 18 months after the two emerged from a three-year dis-pute with the Soviet Union over licensing arrangements for float glass with a settlement that it

is pledged not to reveal,
The terms of the settlement
include a further agreement for what Pilkington calls opaquely "mutually beneficial commer-

cial co-operation." But, again, both sides have pledged not to reveal the nature of the co-Not only that, Pilkington and the Soviet authorities have de-cided that they will not describe the nature of their original dis-

sides had entered what must have been a long and probably costly arbitration in Stockholm.

What seems to have happened is that, in 1967, Pilkington liceused Technopromimport, the Soviet agency for buying foreign equipment and tech-nology to use its patented float glass process in n new factory—just one factory.

Technopromimport interpreted the arrangement liberally. It used the process nc nature of their original dis-ute. did not pay Pilkington the royalty due on all the produc-tion. at 10 other plants as well, but

# U.S. computer retailer to open 40 shops in Europe

BY RAYMOND SNODDY IN LUXEMBOURG

MAJOR U.S. computer Britain until recently because to open 40 outlets in Europe, at least 10 of which would be in the UK, by the end of the

Mr William Millard, chairman of California-based Computerland, said that the expansion would be part of a major programme to open 250 company outlets throughout the world during the year. Com-pulerland currently, bas 440 stores, about 300 of them in the

Mr Millard said Europe was would be comparable with

Japan.
"I expect the market for Europe personal computers in Europe will explode," he said. The same rates of growth seen in America in the past three years would be seen in Europe. Growth in Britain will be two or three times as fast as the average in Europe because there was "suppressed need" in the UK for a computer retailer specialising in meeting the microcomputer needs of business, education and govern-

Computerland had avoided

name, but the two Computer-land stores now open in Southampton and London were paying off their start-up costs in a matter of months, he claimed

A Computerland franchise fee is usually around 5 per cent of the annual turnover of a store although there is a "special offer" of \$25,000 in Europe at the moment. In addition start-up costs of between \$200,000 and \$400,000 are involved.

For the outlay, the franchisee economics of scale involving in buying centrally 3,000 products from around 150 computer manufacturers

Mr Millard says he is sur-prised that no one has joined bim in the International fran-chising of retail computer stores. Speaking from Com-puterland's European head-quarters he forecast that total group sales would break through the \$1bn mark by the end of this year. Since 1977 when sales were \$25m the total has doubled every year and reached \$465m in 1982.

### Venezuelan hurdle to whisky imports By Kim Fuad in Caracas

IMPORTS OF Scotch whisky hy Venezuela, the largest single market in Latin America, will cost at least 40 per cent more as a result of the country's new multiple-tiered exchange control system.

Development Minister Jose Enrique Porras Omaha said Thursday that whisky imports, which are estimated to bave heen worth almost \$72m last year, will now suffer a six Bolivar to the dollar rate, 40 per cent up on the previous 4.30 rate.

Dr Porras said that the Government would issue a tist of 500 forbidden imports, ranging from luxury items such as fine jewellery and watches, to furniture and whiteware.

### Norway-Soviet trade route reopens

By Fay Gjester in Oslo A COMPANY based at Kirkenes, near the Norwegian-Soviet horder, has re-opened a centuries-old trade route between north Norway and Russia—after a lapse of nearly 70 years.

Cross-border trade with the Russians, known as the Pomor trade, ended in 1916. Virtually all overland exchanges of goods have been routed via third.

nave been routed via third.
countries—usually Finland.
The company which has
revived old traditions is Pomor
Nordic Trade. A lorryload of
Russian timber — the first of
some 200 scheduled for this
year—crossed into Norway last
week, and in the other direction
went lorries carrying 20 tonnes went lorries carrying 20 tonnes of Norwegian-made salami.

# Floor price introduced on Japan's VCR sales to EEC

Japanese exporters were being munity markets.

EEC officials are to meet their opposite numbers at MITI at the Government would end by April 1. at the latest, what it has described as the "harrassment" of Japanese companies shipping VCR sets to France. The extended to be held in April.

of Japanese companies shipping VCR sets to France. The expression "harrassment" has been used by Japan to describe the system under which all VCR sets imported into France have had to be cleared through the inland customs post of Poitlers.

MITI's introduction of a floor price system for VCR exports price system for VCR exports means that Japan is now im-plementing all the maln provi-

JAPAN'S Ministry of International Trade and Industry yesterday implemented a system of "floor prices" for video cassette recorders exported to the EEC, but declined to release details of the arrangement.

MITI took the action after receiving assurances from the EEC Commission that antidumping charges made against Japanese exporters were being slons of an arrangement agreed with the EEC last month for regulating VCR sales in the community. The other parts of the arrangement include "voluntary" restraint by Japan of 4.55m sets in 1983 and a "guarantee" that European manufacturers will be abte to sell 1.2m sets within the Community markets.

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فكذاصر الأعل

**Posgate** 

in Lloyd's

barred

ballot

City Correspondent

# Thatcher sets deadline for EEC budget rebates

BY GILES MERRITT AND LARRY KLINGER IN BRUSSELS

MRS MARGARET THATCHER, the British Prime Minister yester-day opened a spring campaign over Britain's EEC budget problem with a warning to other European Community heads of government that they must agree on new cash rebates for the UK by early June.

She made no threat on what would happen if they refused, but first day of the EEC summit highlighted her growing concern that

ropean Commission had not even produced a detailed proposal.

After alerting her colleagues to the fact that a general election was looming in the UK, Mrs Thatcher's statement brought a procedural dividend in the shape of a request by the summit for Commission propos-als as soon as possible after Easter. These should provide for a short-term arrangement easing Britain's avoid the risk of a supplementary Britain's partners were dragging term arrangement easing Britain's avoid the risk of a supplem their feet on the budget issue.

She pointed out that they had term arrangement easing Britain's avoid the risk of a supplem budget burden – which could be budget later in the year fallicent feet on the budget burden - which could be budget later in the year falling foul

agreed last November to reduce the UK's payments to Brussels in 1983 and beyond, but since then the Eufinancing it.

Mrs Thatcher's strategy is to se cure a quick negotiation on another short-term deal which will start in parallel with negotiations for longterm budget reform.

The importance of the June dead-line is that any rebates agreed for the UK could be written into the

# Britain's output goes up by 1 per cent

terday. This is slightly better than at the time of the budget.

This suggested a rise of about 0.7 per cent compared with the previ-

The figures for the final three months of 1982 show that the average of the three measures of Gross

Domestic Product (GDP) was 1½ more than the output measure.

Theoretically these two measures

BRITAIN's output rose by 1 per period a year earlier, and 2% per should be the same, and the output cent last year, according to the latest official estimate, published yes ter of 1981, the nadir activity in the more reliable for estimating short

The Central Statistical Office, which published the figures, cautioned, however, that as much as 1/2 percentage point of the improve-ment could be attributed to the favourable balance of trade in the last three months of 1962. This boosted

The figures show that in money terms, total national income, theoretically also equal to national output, rose by 9 per cent between 1981 and 1982.

The UK's real income, shown by gross national disposable income at

constant prices, increased by 2 per cent between the first and second half of 1982 and for 1982

for Labour

By Peter Riddell, Political Editor

LABOUR goes into the last two

days of the Darlington by election with a slight, though distinct, edge over the Social Democratic Party (SDP)/Liberal Alliance after a week

in which the two candidates had ap-

A new opinion poll, together with

comments from campaigners and on the doorstep, suggests that some

previous doubtfuls have switched to Labour, while there may have been

some slight slippage away from the SDP. There does not appear to have been any significant squeeze on the

Tary vote in the past few days.

The result on Thursday could still, however, be very close, espe-

cially if the increased prospect of a Labour win pushed undecided and

previous Tory supporters across to

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peared to be neck and neck.

### **Darlington** Stern in court plea for bankruptcy discharge poll boost

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FORMER property millionaire Mr making little or no attempt to pay William Stern, whose total debts ex-ceeded £142m, applied to the Lon-don High Court yesterday to be dis-suitable person to be discharged charged from bankruptcy. from Mr Stern, who has voluntarily said.

paid his trustee in bankruptcy £26,650 since he was adjudicated bankrupt in May 1978, had recently offered to pay another £101,000 during the next three years if he were causes and Mr Stern's conduct. discharged, the Official Receiver's Counsel told the court,

that that would scarcely provide one penny in the pound for the claims totalling £277,268, postponed

Mr Michael Crystal, for the Official Receiver, said that whatever Claims of unsecured creditors Mr Stern could reasonably be expected to provide would be no more ruptry totalled £105,343,284.

than a drop in the ocean. Mr Crystal said the opposing

nees, Keyser Ullman and First Na he was concerned, tionel Bank of Chicago. Four Millbank Nominees was the SDP.

tributed to his bankruptcy by rash tional Bank of Chicago more than and hazardous speculation."

They had recently added more more than £11m and other banks grounds for opposition:

• Mr Stern's business conduct and Mr Crystal said a report by the commercial morality in connection Official Receiver this month

His organisation of his personal

group companies generally;

from bankruptcy, the companies

In addition they said it would be contrary to the public interest for him to be discharged, having regard to the size of the deficiency, its

Mr Crystal said that after the Counsel told the court, bankruptcy claims totalling Mr Justice Walton commented £142,978,413 had been submitted. others totalling £37,383,512, and

Mr. Stern's application is opposed. Creditors' claims arose out of per-by three creditors whose debts total - sonal guarantees given by Mr Stern nearly £80m - Four Millbank Nomi- on behalf of companies with which

tional Bank of Chicago. Four Millbank Nominees was
Mr Crystal said they alleged that owed more than £38m, Keyser UllMr Steep had brought about or one man more than £20m and Eight Naor con- man more than £20m and First Na £875,000. One other bank was owed

with the running and management showed that Mr Stern's income in of Wilster Securities and Stern the 12 mooths to March 1982 was £41,760, and that for the current 12

months about £48,000. assets before his bankruptcy;

His household expenses during
His treatment of his creditors, that time had been \$60,260, he had since bankruptcy — he had continued his extravagant lifestyle while \$26,000

# Strike at Ford car plant may spread

By Brian Groom, Labour Staff NATIONAL TALKS aimed at eoding the 14-day-old strike at Ford's Halewood factory on Merseyside over the sacking of an assembly worker for alleged vandalism broke down in London last night, amid fears that the dispute could spread to other plants.

Mr Roo Todd, oational organiser for the Transport and General Workers' Union (TGWU), said a request for the strike to be made offi-

cial was likely to be approved this week by Mr Moss Evans, the union's general secretary.

While the TGWU was not asking other plants to strike, Mr Todd said any workers laid off or affected by the Halewood stoppage would re-ceive official support.

The strike by 4,500 assembly

workers has cost more than 642m worth of lost production of Escort cars. A further 3,700 body plant workers are laid off, and Ford has warned of "disastrous consequences" if the strike were pro-

Mr Todd said the strike would go on until 25-year-old Mr Paul Kelly, the assembly worker accused of bending a bracket on an Escort, was re-instated. The union claims that Mr Kelly, who sat in on yesterday's discussions, is innoceot.

Ford managers, led by Mr Paul Roots, industrial relations director. proposed that the case be put to an industrial tribunal. The company would accept the findings as hinding, even if it recommended the reinstatement of Mr Kelly. The company faces a very serious

position at Halewood, which is now suffering its ninth unoffical strike

UNIONS TO BE OFFERED NEW WAGE PACKAGE

# BR plans 2-year offer

spread probably over two years. The Government has endorsed longer-term pay deals as a method of breaking away from the traditional idea of annual wage in-

Such a pace setting deal at BR would be likely to find favour with the Prime Minister and her colleagues at a time when BR is likely to be applying for additional fi-nance after last week's productivity breakthrough with the agreement by the train drivers' union, Aslef, to a deal on one-man train operation.

Long-term pay deals are relative-ly rare so far in the public sector. BL, which has struck a two-year

reply to union wage claims this and Newcastle, Caterpillar Tractor year with a long-term pay offer, and International Harvester, have been attracted by the stability offered by longer-term deals.

BR's response on pay this year will follow hard on the heels of the award by the Railway Staffs' Na-tional Tribunal, chaired by Lord McCarthy, which led to the immediate payment of a 6 per cent pay deal to BR's 180,000 workers.

This increase was outstanding

from last September, though be-cause of previous industrial relations difficulties, railway workers have not had a pay rise since April

This breathing space has belped convince senior BR officials of the

productivity.

No pay claim has yet been for mally submitted for this year, though leaders of the industry's largest union, the National Union of Railwaymen, have already ap-proved a package seeking a sub-stantial pay increase, shorter hours,

new leader. Mr Jimmy Knapp is expected to be confirmed today as the new general secretary of the NUR. when the results are announced of elections for a successor to Mr Sid Weighell, who resigned the post after a Labour Party voting row. BR yesterday began training sessions for one-man operation of the controversial Bedford-London St.

agreement on a rate of pay for train

longer holidays and other benefits. BR will have to make its pay response soon to a union side with a THE RULING council of Lloyd's. the London insurance market, yes-terday removed Mr Iao Posgate,

once one of the market's most influgoverning bodies after a secret bul-Mr Ian Hay Davison, Lloyd's chief executive and deputy chairman of the council said vesterday: "I have no doubt that many mem bers of the council thought that since Mr Posgate had been sus-Pancras line following last week's pended from underwriting within

the market it was appropriate, logical and right that he should be suspended as a member of the council." Energy switch grant extended But the decision of the 27 members of the council is believed not to

Mr Davison said that no excep tional action had been taken against Mr Posgate. "I would have thought that if any other member of the council was suspended from un-derwriting in Lloyd's it would not be unlikely that the same action would be taken." Mr Posgate faces allegations by Alexander & Alexander Services, the U.S. owners of Alexander Howden Group, where Mr Posgate was the leading under Howden directors misappropriated funds from Howden insurance companies and Lloyd's syndicates un

underwriting in Lloyd's in January. He said yesterday that the latest development was what one expect-

der the management of Howden.

Mr Posgate was suspended from

### attractiveness of a two-year deal, deal with its manual workers, is the though some recognise a longerterm agreement will rob them of only notable example. But Ministhe annual opportunity to try to imters have warmly welcomed such prove efficiency on the railways hy drivers on the route. developments in the private sector.

MR PATRICK JENKIN, the Industry Secretary, has given industry a further nine months in which to exhaust the £50m worth of grants available from his Department for switching to coal from other fuels. Announcing his decision in the House of Commons last night, Mr Jenkin made clear that the reason for which the scheme was first

launched two years ago remained valid despite falling world oil prices. "Even with the fall in dollar oil prices, many industrialists would find it cheaper to change from oil or gas to coal," be said.

The scheme, under which the Government pays up to 25 per ceot of the cost of converting factories and other buildings to coal, was to have expired at the end of this

moeth, with little more than £35m allotted to applicants.
Officials believe that the extension until the end of the year will enable them to earmark most of the

£50m at their disposal. The future of the scheme had been the subject of a protracted debate between the Treasury, which felt it should be terminated, and the Departments of Energy and Agriculture which wanted it to continue.

The Treasury finally agreed to allow the scheme to cootinue becar of its link with a parallel package of EEC loans for coal conversion, for which it has given an exchange risk guarantee to the end of the year.

• Mr Norman Siddall, chairman of the National Coal Board, who is to retire soon, said yesterday that his ground electric railway.

the 1974 Plan for Coal, which laid down guidelines for the regeneration of the coal mining industry un-

The plan is designed principally to ensure the fuller explinitation of existing pits and to aid the search for new coal reserves. It has the backing of Government, the stateowned industry and the miners'

"We are building a new industry out of the old." Mr Siddall said, "and this is the principle which will be followed." He was speaking at the Gedling colliery near Nottingham in the Midlands on a visit to assess the benefits of a new £5.8m under

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NOTIFICATION OF INDUSTRIAL ACCIDENTS AFTER 5th APRIL 1983

# **GUIDANCE TO**

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 to report immediately (normally by telephone) to the relevant enforcement authority any fatality, major injury or any prescribed dangerous occurrence. These reports to be confirmed in writing within seven working days.

 to keep records of all accidents resulting in incapacity for more than three days.

 to complete the forms for industrial disablement or sickness payment when invited to do so by the DHSS. These forms will continue to be sent to HSE by the DHSS.



# Why HAT has its sights on the U.S.

By Terry Garrett

SIX MONTHS ago David Telling, chairman and chief executive of HAT, put his name to a contract to purchase Sline, a loss-making industrial painter in the U.S. for \$6.5m. Since then the stock market value of HAT, a major British building maintenance and repair group, has risen by more than 50 per cent to £90m. With profits for the full year just ended likely to be a shade over £8m, HAT's earnings multiple is now up in the 20s, rubbing shoulders with the few glamour stocks of British Industry.

Can Sline really be so exciting that a major rerating of HAT is justified? Admittedly, it claims to be the largest industrial contract painter in the U.S. and presumably HAT, as Europe's biggest wielder of paint brushes, knows the induspaint brisiles, knows the indus-try inside out. Yet more than one successful British company has seriously misjudged its attempt to jump across tha Atlantic and already Sline is failing to produce the profits it projected last September.

Not that a stalling of Sline's profits recovery is any disaster to HAT at this stage, Consideration for the buy was structured so that virtually half the \$6.5m purchase price depends on war-ranted profits and assets. From peak profits of \$2.1m in 1981 Sline collapsed into the Sline collapsed into the red, notching up losses of \$700,000 in the eight months to

The vendors, however, felt sufficiently happy to warrant profits of \$450,000 for the 14 profits of \$450,000 for the 12 months to February. Those profits have not materialised but Mr Telling remains just as confident about Sline's future.

Even so, the important point plans. about Sline is not so much what it is but what it represents— the first step to fulfilling a longheld ambition to create a parallel organisation to HAT in the U.S. Speed of acquisition will be the key but in 10 years' time HAT Inc. could be as big

as HAT plc.
Spreading HAT geographically has been a dream of David
Telling even before he took over as chief executive from Alfred Telling, his father, in 1978. Be-fore that dream could become anything near reality there were more pressing problems at

While rapld acquisitional expansion had propelled profits upwards to over £3m by 1976-77 HAT had picked up some poor to keep up a consistent per
HAT was interested in buying year the worklow performers along the way. The group was too beavily dependent upon new building work to keep up a consistent per
HAT was interested in buying year the worklow from 1,100 to 50 painter still had to beads, plant depicture of the still had to s

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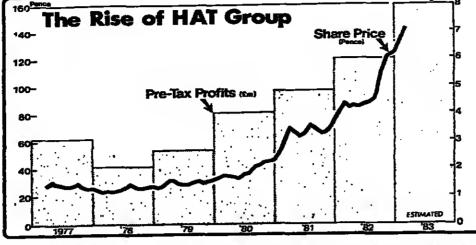


DAVID TELLING

Cleaning out the loss-makers and completely switching HAT's trading emphasis towards more stable maintenance and repair opera-tions dominated David Telling's early years as chief executive.
It was 1979 before be could fly over to investigate the U.S.
Sline was not bis first
American love. He had set his
sights on bigger game, an
American public company. It
was a building maintenance operation similar to HAT offering the UK company a lot of
scope to put its own trades
through the U.S. distribution
network. Sadly for HAT, British
overtures of affection failed to woo American management but both parties still flirt now and then and a deal cannot be completely ruled out. It would certainly accelerate HAT's U.S.

Even without that company, David Telling is convinced he can build a national painting network in the U.S., using Sline as a foundation stone. The as a roundation stone. The American painting industry is highly fragmented. What the U.S. seems to lack, as far as David Telling can see, is a group like HAT interested in buying a selection of mediumsized building services com-

Silne may have been one of the biggest in the U.S. but it was far smaller than HAT's painting business. No sooner was the ink dry on the Sline deal when another contractor was on the 'phone to see if HAT was interested in buying



involvement in a Houston office development which led to Sline. A local partner in the property venture was asked to find a suitable painting company for HAT to acquire. Lou Sline, the company's ageing founder, proved to be a willing seller and the management team, headed by Chuck Fox, seemed bappy enough to tie themselves to the British company.

However, a £9m acquisition of Jack Tighe in the UK, doubling HAT's UK painting business, slowed negotiating action across the Atlantic, fortuitously as it turned out. When the two companies started talk-ing. Sline was producing solid profits growth but within months it was nose-diving into the red. If the deal bad been struck earlier HAT might have looked rather silly without the armour of profit warranties.

What so dramatically clob-bered Sline was the way its workload was structured. The American company had few ongoing contracts. Three-quarters of its business was done on a cost plus basis — in effect hir-ing out men and machinery. Sline's customers are the major oil and chemical companies and some shipping. As soon as they felt the purse-

strings tightening, they pulled Sline off the job at a moment's notice without any financial penalty. Sline, in turn, could lay off its workers without any real problem — at one point last year the workforce had failen from 1,100 to 500. Yet the painter still had to carry over-beads, plant depreciation and so on. The effect on profits

Alex Lander

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■ Tootal

HAT is attacking Sline's problems on several fronts. Overbeads bave been cranked down and, within a couple of months of the British company gaining control, \$1m had been sliced off costs. According to David Telling, "they had marvellous computers producing miles of information; everything everything everything everything everything. thing except the right informa-

HAT is also sending out one of its own top painting managers to help diversity Sline into com-mercial painting — factory redecoration for example — to give some cusbion to the fortunes of the petrochemical

Expansion geographically both by organic growth and acquisition is blgh on the priority list. Below the top five Sline executives there is an able level of young second-line managers and it is these whom Telling hopes will spearbead HAT's geographic expansion throughout the U.S.

As in the UK, financial motivation will be the carrot to get the very best out of the

organisation. Some 95 per cent of HAT's UK employees are on bonus or profit-sharing schemes. Do well and you sit behind the wheel of a BMW to take bome a fat salary

cheque.
Finally, and perhaps the real crunch-polot in the battle for recovery, will be the change of relationship with its customers from a casual to a more UKstyled contractual basis.

With that in mind, a brief low-key announcement a couple of weeks ago that HAT is talking to Group Property Services of Australia with a view to buyof Australia with a view to buying 90 per cent of GPS's Scottish subsidiary Programmed
Maintenance Painting, takes on
new significance. It is a small
deal, worth less than £1m, but
one which could hold vital
importance for HAT.

GPS has profested a peval

GPS has perfected a novel painting contract. For the consumer It is akin to paioting on hire-purchase. Briefly, the con-tract is struck so that GPS maintains the chemical plant, race-will be just as important to course or whatever for a set HAT's future as its major period such as 14 years. During stride across the Atlantic.

that time the plant may come that time the plant may come in for a complete repaint every five years but the surface is kept up to the mark all the time by a continulug process of "touch up" treatment. The customer pays an annual fee plus a certain amount of interest as the years progress.

For blm there is the advantage of spreading out some heavy maintenance costs as well as the attraction of maintaining an the attraction of maintaining an asset in pristine condition. What brings a gleam to David Telling's eye is that the customer effectively locks himself into a long contract and allows the painter to predict forward workloads without a

Best of all is that the GPS system in Australia, and as practised in the UK by Programmed Maintenance Painting. offers some very fat profit

Not surprisingly, GPS has had its imitators but most of them have lost their shirts because problems arise if the painter gets his costing projections wrong at the start. Hence HAT is willing to buy GPS's subsidiary in Scotland and strike a royalty deal with the Australian company for any work carried out in the UK and US.

work carried out in the UK and U.S. so that it can get a line into GPS's expertise and information bank. With that, HAT hopes to get its costings right and make a much better margin from stapping on paint.

Inevitably, a build-up of GPS-styled contracts will take time both in the UK and the U.S. HAT is bound to soft-pedal in the early stages. As David Telling puts it: "There is a risk to the system, it is not the answer to a maiden's prayer, but the concept is amazing both

but the concept is amazing both bere and in the U.S."

It could be that the purchase of that small Scottish company

# **New BNOC secretary**

Mr Andrew Berkeley has been appointed general manager, legal and participation affairs and secretary of the BRITISH NATIONAL OIL CORPORATION. He will be responsible for providing legal advice on all matters relating to the corporation's activities. Mr Berkeley is a director and secretary of ICI Petroleum and will take up his appointment with The British National Oil Corporation on May 9.

J. BIBBY & SONS has appointed Mr John Thomson to the board as a non-executive director. Mr Thomson is deputy chief executive of Brooke Bond Group, a deputy chairman of London & Manchester Group, and a non-execulive director of Scottish & Newcastle Breweries.

Mr K. Glichrist, who becomes general manager of the Bradford factory of FIELD SONS & COM-PANY on April I, and Mr K. McDonald, general manager of the Portsmouth factories, have been appointed directors from April I.

AMERICAN EXPRESS
TRAVEL has appointed Mr Paul
Lander as the London-based network development manager for the UK and Ireland.

Mr Don Whitford, UK sales manager, has been promoted to the board of WHITE HORSE DISTILLERS from April 1. Mr Gordon L. Woodland, seoior bome sales director, retires from the board on March 31 and his duties will be taken over by director Mr Derek Hayward. Mr Whitford also joins the board of A. Ferguson & Co.

WORLD-WIDE ASSURANCE
CO. has appointed Mr John H.
Greenhalgh, assistant general
manager, its actuary from

Mr John Robertson has been appointed head of the treasury group of CITIBANK London. Mr Mr Francesco Redl, senior vice president, who moves to Perla as country corporate officer and institutional bank head for

lister

HIGSONS BREWERY is making the following board appointments on October I. Mr. M. R. Willeocks to be assistant M. K. Willeces to De assistant managing director, a new post. Mr David Winstanley to be a director. Mr. Willcocks is employed by London stock brokers Scrimgeour, Kemp Gee. Mr. Winstanley is chief

Mr Peter S. King has joined TEXAS COMMERCE BANK, London branch, as vire president and manager credit and busines

Mr James B. Huckett, Mr Christopher J. Steele, Mr Nicholas C. Spearing and Mr Derek I. Chambers are being admitted to the partnership of KITCAT & AITKEN, stock-brokers, from March 25.

Mr Peter St. George has been appointed to the board of HILL SAMUEL & CO.

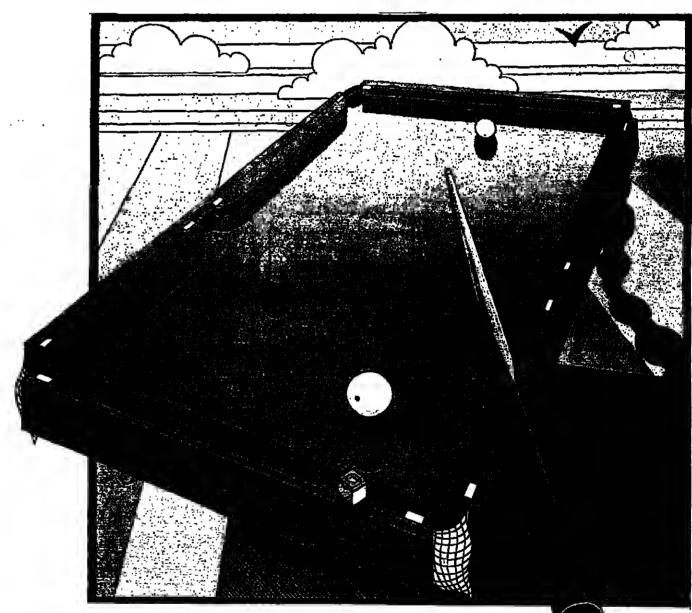
Mr Richard Dunn, THAMES TELEVISION'S director of pro-duction, is to co-ordinate activi-ties and interests in the field of new television technology, including cable and satellite. Mr Dunn will continue with his responsibilities for Thames' current and future production

Mr Stephen Digby will join HARP on May 1, as managing director. He joins Harp from Bass Bristol where he is also managing director. He succeeds Mr Panl Milson who is retiring

The FOOD AND DRINKS INDUSTRIES COUNCIL has elected Sir James Cleminson (chalrman) of Reckit and Colman) as chairman for the next two years, Mr. A. J. R. Purssell of the Brewers Society was elected deouty chairman: was elected deputy chairman; and Mr J. W. W. Clemes (finance Robertson, a vice president of and Mr J. W. W. Clemes (finance Citibank, was formerly deputy director of Allied Lyons) was treasurer in London, He replaces appointed treasurer.

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# **Ulster technology** venture to receive £5.4m cash injection

Promise Martine .

into a new company carrying on the business of American Monitor International (AMI), a West Belfast-based manufacturer of highly sophisticated blood serum testing ly and is designed for sale worldequipment

fering for subscription 1,923,077 tests a day shares in the new company at So far AMI has sold 11 units and £1.04p each. Electra Risk Capital, a "statements of intent" have been venture capital fund set up under made by customers in respect of e the Government's Business Start further nine. We are beginning to Up Scheme, has agreed to subscribe for just over 722,000 shares leaving the balance available for individual sesterday. investors who should be eligible for tax relief under the Start Up much greater than we expected last Scheme in respect of the tax year year, particularly in the UK. The ending April 5 1983. The other institutions participating in the deal, the Legal and General Assurance Society and PRIVATbanken, the UK breakthrough in Saudi Arabia and subsidiary of a Danish bank and in the Far East."

A MAJOR financial restructoring has been arranged to safeguard the future of one of Northern Ireland's most important high technology investments.

A total of £5.4m is being raised from private sector sources to inject in the sector sources to inject the product, the Parallel Analysms.

ntipment. wide to laboratories and hospitals A prospectus has been issued of undertaking 2,000 or more blood

The level of interest is now

AMI's bankers.

AMI was set up in early 1980 as a joint venture between the Northern Ireland Development Agency (NI-like the particularly welcomed by the Northern Ireland Industrial Development Board

# Health workers award 'mean'

By Philip Bessett, Labour

THE 4.5 per cent 1983-84 pay provi sion for 1m Netional Health Service workers, which formed part of the settlement which ended the ninemonth dispute last December, now looks "positively mean rather than generous" in the light of subsequent public sector pay deals, according to Incomes Data Services, (IDS), a pay esearch unit.

The provision of 4.5 per cent is at the bottom end of the bulk of settlenents in both the public and pri-

The spread of public sector set-tlements this autumn and winter has been running from pay pa to around 10 per cent, with the bulk of basic rate increases between 4.5 and 7.5 per cent," says the research

company.

IDS says the Government's announcement last October 1 of a 3.5 per cent cash limit provision for public sector pay was partly aimed at persuading health workers, who were still in dispute, that offers of 4.5 per cent from April 1983 were generously above the cash limit. IDS Report 397; IDS Ltd, 140 Gt Portland St. W1.

Britain sets the pace of recovery

# Electronic markets gear up

components markets according to leading manufacturers, several of whom are tentatively forecasting that a sustained recovery in semi-

Their confidence is based partly on indications that Britain is pulling out of recession ahead of other countries. Many also cite particularly strong increases in demand from others disagree. small high-technology companies

U.S., the world's largest supplier of per cent increase last year. It forecomponents on the open market, casts growth of 7 per cent for Gerhas even suggested thet sales in the many to 5871m (after a 6 per cent UK this year may equal or overtake fall last year) and of 6 per cent to those in West Germany, which has \$3hn for all of Europe. long been Europe's higgest user of The recent strength of the dollar, semiconductors.

The recent strength of the dollar, semiconductors.

per cent of total European sales of Britain's Electronic Components In-\$3bn - \$3.5hn this year. It puts Ger- dustry Federation are understood many's share at 21 to 25 per cent. to have reported a 30 per cent. As recently as the late 1970s the growth in their total sales of inte-German market was twice the size grated circuits (microchips) last

dependent market research organi- man for the federation, which does sations such as Dataquest are much not make its industry statistics pubmore cantious. "The trend is cor- lic rect, says Mr Marcel Lebichot, Mullard, the UK components sub-market research manager for Intel, another big U.S. supplier. "But it is is particularly encouraged by a re-

Britain may be pulling out of recession ahead of other countries. Guy de Jonquieres reports. conductor sales is now under way. an exaggeration to say that Britain cent strengthening of demand from

will overtake Germany." He be-lieves that France, which overtook Britain in 1980, is still the second biggest European market, though Motorola of the U.S., the second

which have sprung up in the UK in largest supplier after TI, thinks that the past few years.

Texas Instruments (TI) of the cent to \$646m this year after an 11

Trs British subsidiary believes casts, understates growth in some that Britain will account for 23 to 27 individual countries. Members of year. "All our member companies Most other manufacturers and in- are very confident," says a spokes-

to which it is e major supplier. It says that it is now gearing up for e period of growth for the first time in three years.

Dataquest, which monitors semi-conductor sales worldwide, is still cautious about the outlook. It points out that the UK market rose strong-ly early last year, only to fail back in the second half. But it believes that the chances of a sustained recovery are better this year.

Manufacturers see little evidence so far of any firming in the prices of widely-used components, which have been weak for some time and are as much as 30 per cent below levels in the U.S. Most U.S. suppliers gear their production to Eu as a whole and can easily switch de-liveries from one country to another to adjust the changing pat-

Among the reasons for optimism most frequently mentioned by man-Signs that the British economy is stance, increased its profits by 40 of the company were close to comstarting to grow again, earlier than per cent last year most of the rest of Europe, and that

Soundings taken in the electronics industry show that many industrial companies which have survived the recession have become more aware of the competitive advantage of using electronics in their products and processes.

"We still believe that the UK is in a fundamentally healthy position," says Mr Malcolm Penn of Dataquest. "Companies have already made most of the savings that are to be made.

Like most of the semiconductor manufacturers, he is also encouraged by the apparent improvement in the U.S. economy.

 Many semiconductor supplies say deliveries to small, entrepreneurial technology companies are rising strongly as a proportion of their to-

"The sheer number of companies using semiconductors has just ex-ploded," says Mr Pat Brockett, UK marketing director of National Semiconductor, a leading U.S. com-ponent manufacturer which has a large plant in Greenock, Scotland. Stronger demand from the local subsidiaries of foreign manufactur-ing companies, which have invested heavily in Britain. Many appear to have coped with the recession bet-ter than local industry. The UK sub-sidiary of IBM of the U.S., for in-

Semiconductors, Page 23

# Job losses at Seddon **Atkinson** may rise

By Nick Garnett, Northern Correspondent

UNIONS at Seddon Atkinson, the Oldham-based truck manufacturer which has been put up for sale by its parent International Harvester are expected to be told of further re-

company may wish to reduce the 1,000 strong workforce by as many as 400, but this has not been confirmed. The unions have only been told so far that the cutback will involve more than 100.

Mr Gerry Woodhead, the new British managing director, said ear-lier this month that further cuts were necessary to match the size of company, which closed its site at Preston, and shrunk from e workforce of 1,800 in the past two years. has a production target of 2,200 vehicles this year. That would involve an increase in its UK market share.

Seddon said et the start of this month that negotiations for the sale

# Fuel-efficient cargo ship built by BS

BRITISH Shipbuilders (BS), which cargo, bulk cargo or containers, or warned last week of up to 9,000 more job losses, yesterday intro-duced a versatile new cargo ship needing less fuel and smaller

The MP 17, the design of which was unveiled at the Expoship exhibition in London, is a multi-purpose carrier of 17,000 deadweight tonnes. It will use only 17 tonnes of fuel a

day and need a crew of 17. "We think this is a winner for the 1980s and 1990s," said Sir Robert Atkinson, chairman of BS. "It is probably the best designed ship we

have yet produced." Compared with similar existing ships, both fuel and crew levels are much reduced. This is a handy-sized and versatile carrier, added Sir Robert. "It can carry general

BS has experienced mounting losses in its current financial year to end-March and has found it hard

to win new orders at a time of ship But it has been forging ahead with computer design and manufacturing techniques. These have been used in preparing the MP 17, de signed both to fit owners' needs and costs and to achieve smooth produc

tion in the yard. "It is what owners are looking for as the world comes out of reces sion," said Sir Robert. The engine will be a Sulzer type, designed in Switzerland, though Danish Burmeister and Wain engines can also

# **Economies at port**

cut the financial losses of its Avonmouth Royal Portbury Docks.

A £2m severance scheme is the centrepiece of the drive, and is aimed at cutting the authorities workforce by a further 213 through voluntary redundancies. This will bring the total redundancies at the port over the past two years to more than 800 and reduce the workforce

THE PORT of Bristol Authority is . The new cutbacks reflect a deintroducing economies in a bid to cline in labour intensive cargo banlarger unit packaging, a trend which has been accelerated by the

> The Bristol Authority's conventional cargo trade - animal feeding stuffs, forestry products and bulk liquid petroleum and chemical prod-ucts - fell only slightly in the first 44 weeks of the current financial year, by 86,900 tonnes

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Better communications for business



# How the Budget could help whistle up wizard new tunes

Tim Dickson hypothesises on the Chancellor's proposals

lands engineering executives is starting to come true. A week ago today, as the Chancellor of ago today, as the Chancellor of the Exchequer came to the end of his fifth Budget speech. Steve Corbett and Hunter Knight, marketing and managing director respectively of Wizard Electronics, looked each other in the eye before Knight blurted out impetuously. "That's It then We're definitely going to but this company and going to buy this company and run our own show for a

ebange."
Frustrated for years Oy the corporate politics of Disaster Area Inc, a MidWest "smokestack "conglomerate which had diversified unsuccessfully into "high technology" during the 1970s, Corbelt and Knight have heen ltching to develop their prototype of a microchip-hased electronic mouth organ to add to a range of musical instru-ments. They are convinced that its programmable tunes will appeal to an intercational market of buskers and budding pop stars. Although the idea bas consistently fallen on deaf

Knight flicked on the switch of rate taxpayer. his radio last Tuesday both men were so struck by the large numher of new small business ably be mustered to meet the "handouts" in this year's buy-out price more capital will

They have spent the last week mouth organ project. planning how they are going to transform Wizard Electronics from being the neglected hi-fi subsidiary of a large company into an expanding independent

noticed from a close study of the Financial Times was a new provision for tax relief on borrowings used by employees

# Some other

### measures

OTHER "small business" measures in the Budget are: Corneration Tax. "Small Corporation Tax. "Small companies" rate reduced from 40 per cent to 38 per cent. Limit to which this rate applies increased from £90,000 to £100,000. Full rate of 52 per crut does not now apply until profits have reached £500,000 (previously

VAT. Registration threshold increased from £17,000 to £18,000. Deregistration threshold raised from £17,000 to £18,000 on past turnover, £16,000 to £17,000 on estimated future turnover. Enterprise Allowance Scheme

Committed to the concept of vestment in any one year, moremployee shareholders, Corbett over, is being doubled to employee shareholders, Corbett and Knight decided to canvass their 50-strong workforce. At £1,000 per head this could raise bas consistently fallen on deaf ears back at the Minneapolis headquarters, the group chairman bas responded positively to the idea of what be calls a consistently fallen on deaf ears back at the Minneapolis headquarters, the group chairman bas responded positively at the £0.5m purchase price salready provisionally agreed, while every £10 of interest paid while every £10 of interest paid while every £10 of interest paid the control of the Until last week the two had by an employee would effect some way in a been wavering. But when tively only cost £7 for a basic ness venture."

While bank borrowings and institutional support will prob-Budget that they resolved to undoubtedly be required to fund take the plunge.

Knight and Corbett have thus been particularly interested in the Business Expansion Scheme, the successor to the widely pob-licised hut little used Business One of the first things they rently allows individuals to Besides widening the scope of claim relief at their top marthe scheme, the Chancellor has

giving unemployed people £40 a week to help set up in business extended nationwide 1983-84, bowever, is £25m

and for 1984-85 £29m. Capital Transfer Tax. Relief for minority shareheldings in unquoted companies up from present 20 per cent to 30 per cent.

Capital gains tax. Increase from £50,000 to £100,000 in maximum amount of CGT relief available when a hisl-ness is disposed of on retire-Workshops. 100 per cent allowance for smalt industrial workshops being extended to cover all industrial units in

converted hallding where

average size of all those units

does not exceed 1,250 sq ft.

£40,000. Knight bas thus contacled a couple of chums who

More working capital, however, is also required and Corbett has already picked up the announcement that a further £300m is being made available under the Government's Loan Gnarantee Scheme. This will continue to be run largely as before with the Government guaranteeing 80 per cent of bank or financial institution in return for a 3 per cent premium on the guaranteed portion up to

they have a good case.

Looking ahead meanwhile, Knight and Corbett realise that they will ultimately need to tool up" for production, at which point they notice that another £100m is to be made available over the next three years under the Small Engineering Firms Investment Scheme. Newspapers in the Midlands were full of SEFIS when it was launched for the first time last year and they can remember enviously hearing that competi-lors had managed to secure a one third grant of the costs of installing new numerically controlled machine tools.

Wizard is also thinking of trying to work some magic by taking advantage of other measures in this year's Innovation package from the Department of Industry which brings together support previously offered under the Product and Process Development Scheme (PPDS). Knight and Corbett could hardly keep up with the Chancellor as new measures apparently rattled off his tongue but there are one third grants available for new products under an innovation linked investment scheme, the development of so ftware and the promotion of computer Of most interest to Wizard is the Software Products scheme, since Corbett is keen to develop a programme which guides the Government support.

The Wizard executives, meanwhile, realise that as things stand they lack a top production man and have been giving some thought over the past few days to filling this Start-up Scheme which currently allows individuals to Besides widening the scope of The trouble is that Luke Jones, claim relief at their top marginal rate of tax on an investing ment up to £20,000 in a new potential borrowers that in of the action."

provision for tax relief on borrowings used by employees to finance the purchase of shares in an employee buy-out. (The provision was triggered by the £53.5m employee buy-out of the National Freight Corporation in 1981—prior to this Budget only employee managers in close companies could claim the relief on borrowings to purchase shares.)

ment up to £20,000 in a new potential borrowers that in carrying out their commercial Though Wizard, after a buy-appraisal banks should take full appraisal banks should take full appraisa



cent of earnings per employee, the West Midlands discussing from £1,250 to £5,000.

Thus beside Luke's £30,600 starting salary be can now be offered £3,000 a year under Wizard's wonderful new profitsharing scheme. He will have to be told, however, that under scheme rules as defined in a previous Budget be cannot sell the shares for two years. He will pay no locome tax if they are held for seven years but if sold in the intervening period they will be subject to income tax at a declining rate.

Corbett was last heard of in

the proposed rental of a couple of teletext TV sets—for which Wizard will get 100 per cent first year capital allowances; chasing up the possibility of moving the company to a freeport which will offer various incentives and putting the finishing touches to plans for a new microchip based mouse-

# Reactions from lobbyists

REACTION to the Budget from small business repre-sentative organisations was mostly complimentary - but disappointment was expressed

Confederation British Industry, for example, said the package would "rev up enterprise as it awaits the green light of economic npturn." But while ministers say they have not ruled it ont, the CBI's proposal for Small Firms Investment Companies (SFICs) was not included. Most lobhyists, particularly the Association of Independent Businesses, were very pleased with the Business Expansion Scheme, But the Union of Independent Companies was nphappy that more was not done to reduce industry's direct borrowing

The point was echoed by the Forum of Private Busi-ness — a keen supporter of measures to encourage businesses to relayest retained profits. The Forum would have liked a mneb more "dramatic" increase in VAT

# Loan guarantees: the failures

that it should not be seen as a bank bashing exercise," com-ments Hugh Aldous of Robson Rhodes. "I hope, on the other hand, that it will stimulate debate among small business advisers."

Aldous was commenting on his firm's much-awaited report, published by the Department of Industry last week, on the first 50 company failures under the Government's Loan Guarantee Scheme. Together with a separate commentary on a telephone survey of 200 borrowers. It makes a number of useful points and will be compulsory reading for all bank managers

Robson Rhodes goes to some lengths to stress the caveats in its report: that the failures cited do not, for example, comprise a stattstically valid sample, that no success stories were considered, and that only early failures — representing loans made at a time when len-ders were still experimenting with a novel scheme—are taken into account. Conclusions, therefore "are inevitably therefore "are inevitably opinion rather than scientifically derived."

Having studied the files and talked to bank officials in each case Robson Rhodes nevertheless believes bank appraisal techniques "are patchy and tend to place unmerited reliance on initial work presented by others. Those presentations, sometimes by the accountancy profession, are often inadequate." (The sample often inadequate." (The sample includes cases bandled by the major clearing banks and the Industrial and Commercial Finance Corporation. The report carries a note to the effect that ICFC "is more familiar with the appraisal requirements and monitoring procedures associated with risk procedures associated with risk lending.")

Bank managers, says Robson Rhodes pointedly, should ensure that applications are accom-panied by properly prepared projections and should appraise proposals as rigorously as if they were lending unsecured. They should also do more to encourage their customers to set up adequate management accounting systems. "There is a widespread need," says the re-port, "to encourage business management, bankers and accountants to develop systems

small businesses generally, not just scheme businesses." One of the most distressing, if perhaps predictable, observa-tions by Robson Rhodes was the "astonishingly high," capital and income gearing of many of the companies which failed (Capital scoring is defined as the proportion of loans to equity, income gearing as the amount of net income taken up

in repaying loans and interest Of the 48 failures studied in detail 11 were start-ups, five buy-outs. 14 companies sup-posedly expanding, and 18 were in argoni need of lending. More than balf were manufacturers, 10 per cent were retailers and 10 per cent printers or publishers.

More than three fifths failed within six months of the start of the scheme in June 1981. One went under in a matter of days. Rhodes comments: husinesses needing "Small finance beyond conventional loans . . . very often succeed or fall in what they are trying to do in a very short time. There is a cruciol period of mid-wifery during which attention should not be diverted from the patient." Certainly the Government sees this as one of the most important messages of the

Discussing the reasons for failure, the authors point out that there is none "unique to the Scheme." Robson Rhodes believes failure to anticipate accounted for the demise of 12 companies, poor management put paid to 21, while production problems, overtrading and even deception were among other reasons cited.

"Personal problems" such as divorce and family difficulties apparently affected the fortunes of eight businesses.

Conclusions from the telephone survey with borrowers—the more detailed analysis of failures concentrated largely on the bankers' remarks—suggest that

bankers' remarks—suggest that as many as half the scheme borrowers could have obtained an offer of money elsewhere. In half of these cases, however, borrowers indicated that the likely terms would not have been acceptable. Only a third of the horrowers questioned said it would have been totally imposible to find funds else-

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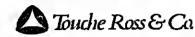


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In etcordance with the provisions of the Interest Determination Agency Agreement between Crédit Lyonnais and Netional Bank of Abu Dhebi, Paris Branch, dated as of 29th August, 1980, notice is hereby given that the Rate of Interest has been fiked et 9½ per cent per annum and that the Coupon Amount payable on 21st September, 1983, against Coupon No. 6 will be US\$249.17 and that such amount hes been computed on the actual number of days elapsed (184) divided by 360.

By Nesignal Bank of Abu Dhahi Back Bank

NOTICE OF RATE OF INTEREST

BANQUE NATIONALE DE PARIS

In accordance with the provisions of the Agency Agreement between Banque Nationale de Peris and Netional Bank of Abu Ohabi, deted as of 5th March, 1980, notice is hereby given that the Rate of Interest has been fixed at 9% per cent per annum, and thet the Coupon Amount payable on 22nd September, 1983 ageinst Coupon No. 7 will be US\$50.47 and that such amount has been computed on the ectuel number of deys elapsed (184) divided by 360.

By National Bank of Abu Dhabi

By: National Bank of Abu Dhabi Head Office

Agent Bank

U.5.550,000,000 Floating Rate Notes due 1987

By: National Bank of Abu Dhabi, Paris Branch,

PANNELL KERR FORSTER CHARTERED ACCOUNTANT

17th March, 1983.

18th March, 1983

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

NOTICE IS HEREBY GIVEN that the 14ZNG ANNUAL GENERAL MEETING of the Association will be field by the Council Chamber. Charbered Insurance Institute. 3D Aldermathery. London ECOV 7HT on Wednasday, 13 April 1983 et 12.30 cm, to include the following:

1 To adopt the Report and Accounts to 1935 et 1935.

Te adopt the report and account to 1822.

To 1822 the Freet Barring as a Director of the Association.

To re-elect Mr Colin Edward Hoghes as a Director of the Association.

To re-elect Mr Association as e to re-elect Mr Association as e to re-elect Mr Association as e and the second for the Association as electrons of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association to held office until the conclusion of the Association.

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GRUPO INDUSTRIAL ALFA S.A. Florting Rate Notes Due 1988
For the three month interest Period from 21st March, 1983 to 21st June, 1983 to 1984 June, 1983 to 21st June, 1983 to 1984; p.a. and the Casson Rate of 1984; p.a. and the Casson Amount per U.S.\$10.000 will be U.S.\$25.000 will be Ground Swisse Beet Benker Limited

**COMPANY NOTICES** 

Enquiries to: PANNELL KERR FORSTER Dean House 54 Whiteledian Road

Clifton, Bristol BSS 2QS

De Beers

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Persuant to the terms and conditions the notes, notice is negative given at the interest race for the eight interest period of March 22, 1963 to Domber 22, 1983 has been fixed at all the conditions of the condi

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well in excess of £100,000 Write to: A. W. Coates Esq STEPHENSON ARMSTRONG & CO Chartered Accountants 70 Jesmond Road lewcaetle upon Tyne NEZ 4QO

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De Beers Consolidated Mines Limited Incorporated in the Republic of South Africa

NOTICE IS MEREBY GIVEN that the minety-fifth annual general meeting of members of the Beer's Consolidated Mines Limited will be help at the head onks of the Company at 16 Sociedale Street, Kimberley, on Texciday, 24th May 1983, at 14n15. for the following business:

To receive and consider the annual manual statements of the Company and of the Group for the vent ended 31st December 1982; of the articles of the

and sats, 10-12.45,

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London, W1, Tel: D1-457, 1868. John
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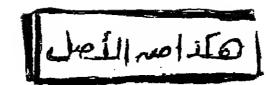
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# THE ARTS

# March in Paris

going to Paris at any time, and or enother it always is. This spring affords us no exception. and what with the Manet centenary exhibition just over the borizon, and other treats in store, the summer seems set to day, however, are the treats thereof, and such things can walt their turn. For the walt their turn. For the moment Claude Gellee, dit Le Lorrain, whose work occupies the principal sulte of galleries of the Grand Palais Juntil May of the Grand Falas June 3 161, is the local hero, and certainly no one who values such things should throw up the chance to share in this remarkable celebration of his achieve-

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TIMES

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It is a chance unlikely to recur, for given the expense and difficulty that strend such exercises, and current attitudes to conversation, only the most pressing or special of excuses will do to bring it all together. The tercentenary of Claude's death fell last year which anni-versary the National Gallery of Art in Washington and La Réunion des Musées Nationaux in France chose to mark to-gether. The only pity of it is that we in this country should have had no part ln it, our gracious and otherwise distinguished landau and otherwise dist guished lenders apart, nor seen It here; for all the great painters of the 17th century, Clande it is, more than any other, who touches a particupoignant spot in the English visual sensibility. The small, choice tribute that Agnews paid him late last year was the solitary initiative bere, and a gentle rebuke to the more

France may claim him by right of his hirth, England right of his hirth, England assume, him by acquisition—the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the city gate, drawing the boats the drawing the poars the drawing the drawi influence was yet more generously spread, common to the European tradition in general, even into the nine-teenth century. He was the painter of the Arcadian ideal, which brought him close, in years, around 1640, idealised certain respects, to the severer classical preoccupations of his contemporary and sometime fellow expatriate, Nicolas Poussin; but, any superficial wooded fields and hillsides ontside Crescenza, the walls and carvings, final casts. The
side Crescenza, the walls and carvings, final casts. The
lowers of the town again catch.
The composition, every manue and
inclination orchestrated within
the superior design, but rather
a sense, which grows ever
stronger as the work goes on,
of an intuitive and natural
delicacy, Claude is no Claude. For in Claude there is little delicacy. Claude is no Classical the essential Claude, that same furious activity. Of the current taking us back beyond his will be advertised shortly.

There are reasons enough for at all, but the great proto- painter who in his old age, in going to Paris at any time, and Romandic, conjurer of a pastoral the sixties and seventies, in an no rule requires that Art should always be one of them; but it seems to fall out that one way arranged, as in the great landscaped parks and gardens of hucolic idyll and classical fairy England that sprang from his tale. In them, too, the last example over the following light of a summer's day falls century, the civilised point was that if Nature should be thus controlled, it was only the better to express herself. Claude's easy naturalism is the more striking for being

here so evident, and readily comparable, in the work from William Packer reviews an

exhibition of Claude and other visual delights currently on offer in Paris

first to last most especially in the drawings—fresh, crisp and immediate, the rapid note in the aketch book of the distant campanile, the towers of the hillside across the valley, the simple tree trunks of the pine forest, and in a broad swash of ink, the rocks of the grotto of ink, the rocks of of Neptune at Tivoli.

The suggestion in all the drawings, though some of them clearly tend towards their subsequent compositional use, is very much of the thing seen, the direct experience of the visible world; and if, as happened with me as a practical expedient, they are the first things to be seen, the suspicion is readily carried over to the paintings. An artist sits on a log with his companions outside years, around 1640, idealised admittedly, but so happily circumstantial; and from 1647 a true and exquisite landscae, informed by only the most shadowy of homan and animal

extended sequence of large and great works, described the magical dream world of that across the castle on the cliff top, and the ancient ruln, and catches the trees of the forest in a last, faint glow. A quiet sea laps against the shore, a melancholic figure sits alone, strange figures meet, heasts move indifferently among the shadowa. We can almost per-suade ourselves to hear, a faint music of pipes and bells among the trees.

There is much else to see. Around the corner in another part of the Grand Palais is a charming and useful exhibi-tion, now in its last few days (until March 28), of the work of the Hague Schoot, a group of minor Dulch painters of the later 19th century. Theirs was partly domestic genre, partly an academic impressionism, but whichever it was, always admirably professional, and the three Maris brothers especially deserve a somewhat wider reputation. There is an added interest too, in that though the group can hardly claim them as its products, both Van Gogh, and later Mondrian, were familiar with the range of work it encompassed, and were directly influenced in the early formative stages of their own development.

Across the river at the Musée Rodin is an exhibition of sculpture that draws upon the col-lections of northern provincial museums. Called De Carpeaur d Matisse, it covers similar ground to the Rodin show bere at the Barblean, but is rather more heavily weighted towards the mid-century Salon, with its emphasis upon public and commemorative sculpture, and away from the more personal, ex-pressive and experimental tendencies of the modernists. This is not to say, of course, that there are not beautiful and intriguing things to be seen across that range, from the Countess de Castiglione by Carrier-Belleuse, or Meis-sonier's Imperial Officer riding through the storm on the one band, to Bourdelle's Penelope on the other.

Rodin embraces both extremes in his own work, and the house itself, and its extensive house itself, and its extensive grounds are set out with examples of all kinds, periods and states: rude, rapid maquettes, half finished carvings, final casts. The Burghers of Calais command the entrance, and since the special exhibition is closed for an extended lunch there is all



Edward Bawden is now 80, which birthday is rightly celebrated by this exhibition at the Imperial War Museum (until May 30) of his work as a War Artist, first in France before Dunkirk, and then in North Africa, the Middle East, and finally in Italy. He is a painter of the first rank who is yet not given his due for having dared to be so varied in his work, and so consummately gifted as print-maker and illustrator. Put not by himself but hy us into what we suppose to be a secondary category, he shows us with his wonderfully sharp and humane eye and firm hand that it is high time we revised our prejudices. Here is Sgt Samson of the 1975th Bechuana Company of the Auxiliary Pioneer Corps in the Lebanon in 1942

exhibitions, four are of particular note, if only in passing. We had a large Giorgio de Chirico show here at the Tate a year ago, which was deliberately confined to the Metaphysical period of his early maturity, upon which his reputation and importance chiefly depend. In Paris that emphasis remains, but is at least significantly qualified by the addition of a large group of works from the twenties and thirties (until April 25).

Next door is a retrospective of the work of Yves Klein to mark the twentieth anniversary of his premature death. Klein was gleeful latter-day Dadaist, the pioneer of modern con-ceptualism and minimalism, bis work never less than elegant and always intriguing. But the idea of the moment so often remains only good at the time, only so long as the frisson of gesture and shock last, and now, though certain images may have a haunting presence still, and hang in the memory, the more general insubstantiality, a lack of bottom we might say, is in-escapable (until May 23).

Downstairs on the mezzanine, again side by side, are two sculptors, our own Barry Flanagan, and an Impressive German, Ulrich Ruckriem. Having written about Flanagan at some length in recent months, both at the time of his showing at the Venice Blennale last summer, and more lately at the Whitechapel Gallery, I do not propose to say much now, no more in fact than this small

recent essays with bronze, and with stone-carving before that, to the work with soft and filmsy materiala, hessian, rope, sticks and rods, of the later sixties. Current with it (until May 9),

Ruckriem's show is altogether more spare and austere, a bandful of works only, and from the past four or five years. The stark simplicity of the works is at first, perhaps, a little dauntdisposed with a disarming might expect.

directness, as they might be a large child's building bricks, in the most basic of atructures formations, one, two, three, or four by four, with the narrow channel between to describe the form. The sheer weight of the pieces, bowever, begins to weigh upon the imagination, and the physical qualities of the stuff itself, the seductive surfsce of the rock, now rough, now polished to a shine. They ing, the buge lumps of granite now polished to a shine. They shivered inlo simple blocks and are more light-hearted than we

### Texaco/National Youth Theatre play competition

A new playwriting competition of £500 awarded to the most tion with a first prize of £3,000 promising writer under the age has been announced by Texaco of £1. The judges' panel will consist of Michael Croft, director of NYT (chairman of panel); in association with the National Youth Theatre of Great Britain. The competition is to encourage new writing for young people and is an extension of Michael Coveney, drama critic, Financial Times, Bryan Forbes, president of NYT. D'ana Quick, Texaco's sponsorship of the NYT. There will be a second prize of £2,0000, a third prize of £1,000, and a special prize actress, Charles Sturridge, film/ TV director, and actor Simon

### John Drummond to leave Edinburgh Festival

The Lord Provost of Edin-burgh as chairman of the Edinburgh Festival Society has announced that the festival director, John Drummond, will be leaving at his own request after this year's festival.

Planning for the 1984 and 1985 festivals is well advanced and the post of festival director

Sirocco/Glasgow Citizens'

B. A. Young

### Fiddler on the Roof —and Topol—return to London

Fiddler on the Roof Is to be revived at the Apollo Victoria Theatre in London, opening Tuesday June 28. The new show is based on the original production, recreating the original choreography and staging by Jerome Robbins with the original set and costume designs and starring Topol, the

# Valerie Masterson/Wigmore Hall

### Max Loppert

duty to report as much. The artistry which Miss Masterson has developed and refined with such skill in the theatre serves her almost as well in the more exposed medium of the song recital. The reason for this is the same as that which makes of her best opers performances a special pleasure: this is a singer in full control of her means, and wholly aware of their exact extent. The attrac-tions of singing and person are united in being unforced; in everything Miss Masterson undertakes — even in those pas-sages on Saturday of faintly less than perfect intonation or verbal detail — one notes s fitness of conception and execution that is a rare phenomenon in any musical field.

The programma was well chosen, It opened with alrs from three Handel operas in which the singer bas made vivid stage appearances, Alcino (at Aix), Coesar and Semeic. The voice, perhaps no longer wbolly as enchanting an instrument as a couple of seasons ago, aounded fresh and relaxed; the divisions of the first and third airs were ariful ease. Cleopatra's mer." even he could "Vadoro, pupille" Miss Master- small employment.

The first London recital, on son chose to siog in Brian Saturday, by this lovely artist Trowell's stylish English transwas a success - It is a pleasant lation; as she is at her most freely communicative in her native tongue, the choice was astute, as were Geoffrey Parson's spacious tempos — the charm that this soprano brings to display passages, being thus enhanced, proves a bappy substllute for the last degree o virtuosity that just eludes her. in Italian, French, and especially in German (four Straus Lieder full of slips of

the longue), the finish of the total impression becomes a little less polished. Words are dutifully pronounced, but their meaning does not directly play upon the instructive tempering and shading of a song's progress. In terms of weight and colour, the voice suits Faure's Verlaine songs, especially "Mandoline" and "Green," rather belier llan Strauss' "Morgen" or "Befreit"; in French music, the sound is not just stractive hur natural. Beckmesser might bave wished that in the closing number of an Italian bet canto group, a most delicately dramatised account of Donizetti's "La zingara," the "Z" had been oelivered in the Italian rather of the first and unity and the first of three encouses, a embellishment thrown in with ravishing "Last rose of aumartful ease. Cleopatra's mer." even he could have found small employment. than the English manner. In

# Philharmonia/Festival Hall

### David Murray

If Sunday's concert by the Philharmonia looked routine on Philharmonia looked routine on paper, il was redeemed by vital, incisive playing. The Swiss conductor Charles Dutoit Ibest known for bis work with the Montreal Symphony, who will tour Europe with him next season) had perfectly definite ideas about all the music, and a correspondingly assured beat. Even in the Fourth Symphony of Chalkovsky, which got an unwontedly astringent reading. there was a steady crackle of dry electricity: no sympathelic Indulgence, but sharply graded dynamics and much subtlety in the shaping. The orchestral

the spaping. The orchestral attack was properly brilliant.
Ravel's sulte Mo mère l'Oye, performed with the Prelude and tha "Danse du rouet" that Ravel added for the orchestrated ballet version, was delivered in faultless style. Dotoit balanced its delicate colours with a sure hand and colours with a sure band, and the essential touches of discreet

musical fabric. The formal musical fabric. The formal logic of cach little plece was lucid, the tempi rigorously pursued; the authentic cool tenderness was felt throughout, with something warmer and more expansive for the magical awakening of "Le jardin feerique." féerique." Yesim Bronfman was the

soloist in furiously athletic account of Prokofiev's Third Plano Concerto. His speed, élan and steel-fingered accuracy were impressive; the gentler passages of the Andantino were turned with taste, if without any special grace. Both the long first movement crescendos In semiguavers began solldly In semiquavers began solidly loud, sacrificing excitement for clatter, and the small grotesqueries that Prokofiev slipped lnio the Variations and the Finale sounded less wry than just barsh and emphatic. With Dutoit's alert accompaniants the began the process of the same companiants and the process of the same class of the same companiants. ment, however, the wbole work had an undernlable stamp of rubato were accomplished with- character — and as much sheer out the least stretching of the drive as one can imagine.

# London Jazz Big Band/100 Club

# **Kevin Henriques**

local scene which is one of the Roads" reasons they cannot play together more often. Which is a pity because, judging by their entertaining three sets last Saturday at this long-standing

with the quality of the sufficiently crowded musicians, is its main captivating feature. Familiar roaring pieces such as "Flying Home" round the personne and "Jumping at the Wood—and most notable

Everything is played with rare gusto and the listener is left in no doubt that the musientertaining three sets last
Saturday at this long-standing
Oxford Street venue, they produce the kind of stirring sounds
and brash excitement infrequently heard these days from that rare species, a British jazzoniy big band.

The LJBB's repertoire, along with the quality of the stifficiently crowded the sound sufficiently crowded the sound

Solos were generously handed round the personnel with most and most notable-contribu- Half Moon, Putney.

The 15-piece London Jazz Big side" are mixed with originals Band, led by pianist Stan Greig, from within the band such as has been an irregularly performing ontfit since its inception in the mid-1970s. It contains some of the best-known and busiest mustcians on the such as Gary Burton's "Country bonist John Picard, skilfully such as Gary Burton's "Country bonist John Picard, skilfully beginning his solo on "Shine" with a quote from another tune associated with Louis Armstrong, "The Faithful Hussar"), trombonist John Picard, skilfully beginning his plunger mute. Sary Burton's Country bonist John Picard, skilfully and Neal Hefti's manipulating his plunger mute, and saxists Willie Garnett (akto). Phil Day (tenor) and Olaf Vas (baritone). Leader Stan Greig modestly underfeatured himself but his booglewoogie introduction and subsequent under-pinning gave huge impetus and fire to "Roll 'em

> Hopefully the band's spirit came over faithfully on their broadcast last Sunday during their session specially recorded for BBC's Sounds of Jozz. The next chance to hear it live is on Easter Sunday, April 3, at the

lines so badly. When they were joined by old Mrs Griffin, still more when Francine came on, shouting and waving ber tennis racket, I realised that Philip Prowse's intention must be to have the play done as if by amateura. As it is written as if by an amateur, this is an apt idea; but it doesn't last through the evening, nor does it explain why the play should

At first I wondered what was as there is, bas to be taken fully shouted at the revengeful up when the two old ladies in seriously or there is no plot Stepben to go away and leave the first scene of Noël Coward's at all. At her first appearance, deplorable romance spoke their Katherine Kitowitz presents her so nearly expressionless she might just have risen from ber sarcophagus, and to be married to such a macabre bore as Stephen (Lorean Cranitch; resolutely pushing his stomach forward to suggest a rich businessman) would indeed

deprive the gayest girl of life.

Lucy, alas, is anything but gay. Sirio, the most romantic Italian imaginable, persistently

Stephen to go away and leave her alone, she also discards Sirio. "I'm free!" she hreathes when they are both gone, Nelther English boureois love nor Italian romantic love suits ber. What will she do, being free, Coward does not tell us; nor does it really matter, as be bimself realised on second thoughts ("weak and indeci-sive," is what be called the

But at least, with the grotesques off, Lucy has a chance to act a little, and Miss it explain why the play should be done at all.

Francine in ber Lenglen bandeau, Sampson Crutch with his red nose and stiff legs, Sirio's stuffed dog—these are deliberately comic creations that suggest the circus ring. But poor Lucy Griffin, on whom deneads the whole of such plot the last act, baving success-

# Vermeer Ouartet/St John's David Murray

Concert. Again one was struck by the aptness of their collective name: the rich hues and depth of their sound are always striking, and an "old master

quality is just what they suggest (though something quite different no doubt prompted their christening). It was bardly compromised, this time, by traces of imperfect pitch up in the ledger lines and in unisons between the violins—the hreadth and poise of their playing are secure against such tiny

Always welcome visitors, the emerge without stremuous insis-Vermeer Quartet appeared in tance. With the arrival of the yesterday's BBC Lunchtime Trio of the Minuet, the effect of sun hursting suddenly was beautifully through achieved. One regretted more than ever that the composition was broken off.

The F major "Rasumovsky" enjoyed calm strength, judi-clous phrasing and the full patina that is the Vermeer hallmark. Other quartets may make more of Beethoven's jokes; the first hearers of the work cer-tainly found it challenging and disconcerting in ways that the suave Vermeer reading would Their principal offering was the first "Rasumovsky "Quartet there was nothing unidiomation Beethoven, op. 59 no. I, cally bland in the performance: almost a programme by itself, it was too searchingly musical

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# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-

March 18-24

# **Opera and Ballet**

Le Travista conducted by Alain Lum-bard with Wilhelmenia, Fernandez alternating with Andree Esposito in the role of Violetta and Alberto Cu-pido in the role of Alfredo, Opera

pido in the role of Alfredo. Opera Comique (2960611). Fledermans — a compoversial production with music-hall elements — conducted by Ralf Weikert with Gino Guilico. Henna Cotrubas, Janet Perry and Siegfried Jerusalem altarnating with Alan Thus, Barbara Daniels, Norma Burrowes and Neil Rosehein, and Figano's Hochzeit conducted by Ralf Weikert with Margaret Price/Ruth Falson and Jose Van Dam. Paris Opera ----(742 5750).

The Sleeping Beauty danced by the stars and the ballet corps of the Pa-

ris Opera with Rudolph Nureyev as guest dancer, Choreography by Ro-sella Hightower after Marius Petipa. Palais des Congres (758 1458). anrice Bejart and his XXth century ballet conducted by Sylvain Cambreling: Stravinsky's L'histoire du Soldat - TMP-Chatclet (281 1983)

# WEST GERMANY

Berlin Doutsche Oper Tosca with Ing-var Wixell as Scarpia. Orpheus and Eurydice with Helen Donath, Hanna Schwarz und Gudrun Sieber.
Madame Briterfly, sung in Italian.
Hamburg Opera: Der Troubsdour with
star cast Julis Varady and Sherill



Rudolph Nureyev: in The Sleeping Beauty, Paris

Milnes. Also this week Hoffmann's Erzählungen with Neil Schicoff, Ariadne with Marjana Lipovsek and Dieter Weller. Don Carlos starring Nicola Martinucci, Jelena Obraszo-wa and Ruggero Raimondi. Zem-plinsky's Der Kreidekreis is premiering this week in Hamburg for the first time, produced by Herbert Wernicke with Beatrice Niehoff and Guillermo Sarabia in the main

logne Opera: Parsifal, produced by Jean Pierre Ponnelle, is premiering this week with Peter Lindroos and Waltraud Meier. Also Turandot and Orfeo ed Euridice. Frankfurt Opera: Der Türke in Italien,

with Paula Page and Gerolf Sched-er. Uo Ballo in Maschera with guest singer Mara Zampieri as Amelia. Hans Neuenfels' ultra-modern pro-duction of Aida, Die Entführung aus dem Serial and My Fair Lady rounds off the programme. Munich Bayerische Staatsoper: Das Liebesverbot, a Jean Pierre Pon-nelle production, and La Boheme in Italian with Gabrile Benackova is

the title role. Cosi fan tutte con ed by Munich's opera director Wolfed by Munich's opera director Wolf-gang Sawallisch: Elektra, with In-grid Bjoner and Theo Adam.

Berlin Opera: Schwanensee choreo-graphed by Kenneth MacMillan (Sat). A hallet-evening danced to music by Maurice Ravel jointly choreographed by Kmt Jooss, Mau-rice Bejart and Jeorge Balanchine. (Wed).

# LONDON

Royal Opera, Covent Garden: Die Zanberflöte, in August Everding's jokey: production, returns with a strong cast (Popp, Burrows, Prey, Howell), and Colin Davis as conductor. English National Opera, Coliseum: Dvorak's Rusalka, not shown in London for many years, is presented by the controversial ENO team of David Pountney (producer) and

Royal Opera House, Coveni Garden: Peter Schaufuss is guest with the

Royal Ballet and can be seen as the

hero Colas in La Fille mai Gardee

on Friday, and again on Tuesday as the loony Alain, which is s nice double. On Thursday the MacMillan

triple bill is on view.

indier's Wells, Rosbery Avenue: Ballet
Rambert plays a double bill of
Bruce's dark Requiem and Taylor's
Airs oo Friday and Saturday; then
changes to include a new Richard
Alston work from Monday.

# **NEW YORK**

Metropolitan Opera (Opera House, Lincoln Center): The last seasonal performance of Die Rosenkavalier conducted by James Levine with Kiri Te Kanawa accompanies Di Wal-kure, Don Carlo and Madama Butterfly, as the spring season reaches its midpoint. (580 9830).

The Hamburg Ballet, Brooklyn Academy of Music: Repertory works choreographed by artistic director John Neumeier are set to music by Published Stranger Book and Mobiles

John Neumerer are set to music by Richard Strauss, Bach and Mahler. (30 Lafayette Av. 6384100). Serce Commingham Dance Company (City Center, 55th c. of 7th Av); Now

modern classic, Cunningham brings ten familiar and one prem-iere to this short but rewarding season. (581 7907).

David Pountney (producer) and Mark Elder (conductor). Further performances of Il trovatore, with Rita Hunter's Lemora not quite recapining the glory of its past best; and Rossini's Cinderella with the dashing Della Iones in the title role.

Staatsoper (5324/2855): Der Barbier von Sevilla, Salome, Rigoletto in reperiory, Ballet on Sun, Swan Lake, Wed, Schehrazade. Volksoper (5324/2857): Der Graf von Luxemburg, Das Feuerwerk, Die Entführung aus dem Serail in repertory. Ballet on Fri and Mon.

### F.T. CROSSWORD PUZZLE No. 5,128 ACROSS

1 Union papers flung about? 5 Pickpocket as a young boy.

9 Littorally, source of main sound? (g)
10 Part of neck indicating un-

11 Pipit in modern music caper (4-4)
12 Psitry amount for statesman (3-3) 14 Cold spell to continue weary-

ingly, yet antirrhinum will be revealed (10) 18 Universal joint trouble? (10)
22 Cut deal perhaps—doctor in row (6)
23 Self-caterers got sites mixed

np (8)

24 Like long stories — type found in the Spanish? (8) 25 Alice playing around ring-road—third girl in play (8) 26 Is in awe of wild adders (6) 27 Bothersome insects coming

DOWN vative leader, a sure outcome (6)

from new jersey, say? (8)

2 Nuisance is leaving — there (8)
is a subtle difference of 16 Poison compounds make tone (6)

3 Nasty hex on beer -- one is thus asked to use breatha- 17 Not working to rule? (4-4) lyser (6) 4 Patiently allot entry-form

the yard (4-4) 7 Graphite provides power over backache (8)

DOWN chopped up (g)

1 Foot in words with Conser- 13 Ringlet, say, in security 15 Spurge for battle on river

> Tom, in pain, run to earth (8) 19 eg specks put up for use in spotted dick, for example (6)

One of thirty-six loppers in 29 Wagnerian beroine, that is, about to be flogged? (6) 21 Tests of Emerson's output

# 8 Disproving Eng. fruit can be

Solution to Puzzle No. 5,127



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Tuesday March 22 1983

# Second stage of the bank crisis

THE EFFECTIVE fire brigsde bad leading, imposing on the operation mounted by the central banks, the Bank for loternational Settlements and the IMF sioce last summer bas takeo the international banking crists out of the beschines, but it is by no meens over. The banks oow bold still larger claims against a groun of weak borrowers—some who are in temporary difficulties because of bigh real interest rates and the trade recession, and some who have little realistic chance of meeting their obligations.

Meanwhile, debt service obligations continue to grow far faster than the money value of debtor-country exports, so that the important debt service ratios continue to deteriorate. The long-term hope of reviving trade, sharply improved terms of trade and improved terms of trade, and more norms! real interest rales, which would genuinely solve the problem for most of the problem borrowers, is unfortunately only a little nearer to realisation.

In some ways we are faced with a classic instability, in which market fears are likely to be self-justifying. Worries about interoational debt and government deficits bold op inlerest rales, while high rates ensure thet the problem goes oo getting worse.

It is not surprising, then, that numerous proposals are begin-niog to emerge to saddress the uoderlyiog problem and to con-solidate as much as possible of the debt overhang in a form which would allow credit operators a decent night's sleep. In this second stage of the crisis, however, two quite distinct strains of thought are beginning

The disciplinarian school, which has strong support in West Germany, Holland and Switzerland and among monetarist economists in the U.S., argues that the rescue bas bought time—and Injected enough extra profils—to face up to the problem of default.

This school was represented forcefully by a statement issued recently by a group of U.S. economists beeded by Professor has been very influential with the British Prime Minister. It

world trading community as a whole s cost represented either by renewed inflation or higher

Losses, they urge, should b boroe by those who have in-curred them—notably by bank ahareholders; even ao insolvem bank can esrn good future re-turns for its owners if they are prepared to restore the capital which has been lost.

This might be dismissed as a form of lotellectual Puritsnism, but it is likely to make itself felt in e practical way as the temporary arrangements made io recent months fall to be renewed, for e oumber of imrenewed, for e oumper of important banks which are not themselves excessively exposed in country leading will be uowilling to jolo sgain in the process of rescheduling and enhanced leading which marked the first phase the first phase.

Those who yearn for e smoother adjustment-an interare therefore inclined to see an ever-bigger role for the IMF in the ronsoltdation stsge. This thinklog is represented in s proposal published yesterday by the Group of 30 for an early start to market borrowing by the IMF, es a form of bridging finance to keep resources flow-ing until the quota increase agreed in the Interim Committee cao become a fact, about one year from now.

Any proposal for IMF market borrowing is likely to be greeted very suspiciously in the quarters which bave always opposed such a step—notably in Washington and Frankfurt (sithough the new report bears the signature of Dr Otmar is absurd: the end has been willed, and some means must be provided in the meantime.

However, the Group of 30 reconstruction must involve a reduction rather than en in-crease in bank intermediation, and a return to contracts in which money or real cost is argues against any form of bailout for debtors or banks, on
the grounds that bail-outs simply
"socialise" the losses due to
start hardening the soft
approach.

# Trade warning for Europe

WHEN OFFICIAL Washington such ideas may have merif. But begins to think aloud about as put forward they are calcomplementing the General Agreement on Tariffs end Trade (Gatt) with other trade arrangeised world would be wise to

The Reagan Administration was deeply disappointed by the lack of substantial achievements at the Gatt ministerial meeting last November. Little, if any, progress was made towards Washington's main objectives. Coorurrectly with thet disappointment, pressure is growing in Congress to protect Industries struggling in the recession. For instance, a Bill is preciding which would make For tastance, a Bill is pending which would make foreign motor manufacturers use a minimum proportion of American-made components in cers destined for the U.S. mar-

Though It is officially devoted to Gatt and to free trade, Washington has more than once strayed from the path of virtue. Like the Europeans, it has negotiated a self-restraint agreement with Jananese motor exporters. That may not contradict the terms of Cast but is dict the tetter of Gatt, but is hard to aquare with the Gatt spirlt of non-discriminallon.

dict the tetter of Gatt, but is hard to aquare with the Gatt spirlt of non-discriminallon.

\*\*Assumption\*\*

Washington has made freer use than its trading nartners might wisb of American legislation intended to curb foreign dumping in U.S. markets. It has retaliated against subsidised exports of EEC farm surpluses by itself aubsidising a sale of flour to Egypt.

It would not be in the interests of world trade for Washington to be pushed interests of world trade for washington to be pushed farther down this road. Moreover, it is bard to reject out of hand an assumption gaining ground in Washington that Catt may have to adapt to changing patterns of world trade. That assumption appears to have inspired statements from U.S. trade officials last week who nut forward rather unstructured idees for a groun of nations to pioneer an Improved Gatt system. Others rould follow once they are ready. forward rather unstructured idees for a group of nations to pioneer an Improved Gatt system. Others rould follow system. Others roul once they are ready.

As a stimulus to discussion been respected.

as put forward they are cal-culated to undermine Gatt, one of the most important achievements of the post-war world. Dividing the world loto a fast ronvoy of free traders and a slower convoy of the cautious would atrike a blow at the multilateralism and universality which is the chief principle of

# Approach

Trying to make Gatt institu-tions work more smoothly would be a more rational approach in the interests of sil. Yet Europeans and others need to realise that stonewalling is not an adequate response to what is bappening in Washing-ton. Europe would be the heavier loser in any trade war, whether involving farm produce or industrial goods.

The EEC should reconsider its insistance at the Gatt mini-sterial talks that it must be allowed to take selective aclion sgainst import surges, meaning measures aimed at particular rather than ell supplying countries. If Europeans cling to selectivity, they have only themselves to blame if the U.S.

in areas such as egriculture where they have not hitherto

industry.

Falling oil prices bave increased the risk and uncertainties of blgb-cost offshore development to a point where many exploration companies, especially the smaller punters, might decide to play safe end cash in their chips.

On the other hand the Government is providing taxation relief

CHANGE IN FACE and

on the other hand the Government is providing taxation relief aimed, in part, at offsetting the impact of oil price erosion. Sir Geoffrey Howe, Chancellor of the Exchequer, announced lo his Budget last week that tax chaoges would provide North Sea oil producers with an additional £800m of cash flow over the next four years. Even greater relief is in store for companies which now embark

on new developments. No one was more surprised with the extent of Sir Geoffrey's geoerosity than the oil com-panies, even though for years they had been pleading with the Government to reduce their tax

burden. However, this was no altruis tic move oo the part of the Chancellor. The Government was worried that in the light of was worrned that in the light of dropping oil prices and smaller and smaller disroveries, North Sea development could dry un. After all, UK offshore de-

velopment has so far generated some £30bn worth of investment in current money values. Well over 20,000 exploration and production workers are employ offshore while oo the mainland offsbore while oo the mainlaod at least 100,000 people are involved in providing equipment and services. Perhsps most important of ell, the UK'a oil producilon—now the fifth highest in the world—is providing the Government with more than £8bn worth of tax revenue a year.

The Government, naturally anxious to maintain these benefits, bope that its Budget anxious measures will revitalise development activity so that North Sea production can stay at a bigb level (at least above the rate of UK oil consumption) until at least the end of the decade, No fewer than 284 companies

aim to be part of that revitalisation, eech one bolding an in-terest in at least one licence to proposal goes beyond the principle of market borrowing to the proposed practice of bank loans to the IMF at floating interest rates. This appears absurd at the other extreme: a prices—indicate that a sbake-out processions and falling oil prices—indicate that a sbake-out processions are concessions. of some magnitude could be on the way.

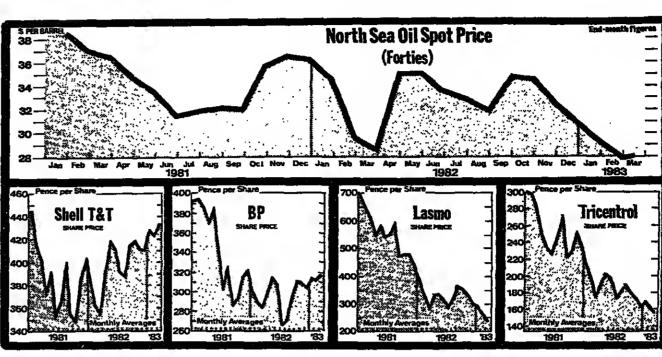
Sir Geoffrey has effectively reduced the costs of drilling for new oil by allowing companies which are already producing the Hopeful independents—dependent to set off all their exploration and appraisal costs companies like Premier Consolies. against their petroleum revenue tax (PRT). This benefit is relatively useless, bowever, to the smaller rompanies without any oil production or taxation to offset.

"The atmosphere will be more fraught than ever before between the big companies and the little companies. The little ones will be spending real cash money while they sboot craps, while the big ones will be more

# BRITAIN'S NORTH SEA OIL

# The shake-out yet to come

By Ray Dafter and Carla Rapoport



because of the tax breaks," says an executive who looks after the

spate of consolidation through mergers or acquisitions as the well-financed rompanies begin to prowl for suitable purchases among the North Sea players. One of these deals has just taken place, with Clyde Petroleum buying up Saxon Oil in a £20m deal, Saxon bad a good deal of exploration ac-

tivity, but no oil production to speak of, which prevented it from raising more cash. With the injection of Saxon's activities. Clyde is a much more tax efficient animal, especially in the light of the Chancellor's recent concessions.

The prowlers will tend to be the middle-sized independent groups which bave grown up with the North Sea's development. But they could be:

The glants—big companies like Britisb Petroleum and Mobil which might want to buy unsuccessful drilling companies as much for their tax write-off value as their licence acreage.

The bigger independents—companies like Charterbouse and Tricentrol already with some production but keen to build up their portfolio of drill-

termined cash-rich exploration companies like Premier Consolidated, which not having been successful in their drilling programmes so far are keen to acquire more promising

"A" assumes a 1983 North Sea oil price of \$30 a barrel, \$31.9 in 1984 and rising thereafter in line with inflation to the end of the century.

"B" assumes a fall in price to \$26 in 1983, rising to \$30 by 1985 and then the budget coocessions, we are back in again," says Mr Roland Sbaw, Managing Director of Premier.

"A" assumes a 1983 North Sea oil price of \$30 a barrel, \$31.9 in 1984 and rising thereafter in line with inflation to the end of the century.

"B" assumes a fall in price to \$26 in 1983, rising to \$30 by 1985 and then remaining constant in real terms to 2000. "C" assumes a real 15 per century third year, with a real price fall in the intervening years. The fields illustrated have been given development consent since April 1, 1982, or are likely to be approved in the near future. Premier. The smaller players have yet

inclined to drill marginal holes because of the tax breaks," says an executive who looks after the Sea, or looking for buyers. But oll investments of one of AB Exploration, a division of Britain's largest financial institutions.

The upshot is likely to be a Spate of consolidation through mergers or acquisitions as the worse.

> AB Foods went into the North See with scores of other new round in 1981, "If prices were to fall very much more," says Mr Harry Baily, e director of AB Foods, "it would be painful. We've got to take it slowly. We went into the North Sea on a long-term basis, so we're taking this seriously," be says.
>
> Prices are of crucial concern

to all the companies. With oil in new fields costing up to \$20 a barrel to appraise, develop and exploit, the offsbore industry is becoming increasingly nervous as market prices slide well

Not that falling prices are having an immediate, dramatic impact on company margins, High taxalion — up to 90 per cent for the most profitable

THE EFFECTS OF THE BUDGET

FORECAST PROFITABILITY OF NEW MORTH SEA FIELDS

Pre-budget tax system

fields — sees to that For com-panies with interest in mature Canadian who heads Lasmo, one fields like Forties and Nioian, of Britain's largest independent most of the oil price decline is being absorbed by

Moreover, the pound's decline against the dollar bas, up to now, effectively maintained the sterling price of North Sea oil. Development costs on older fields have also been well amortised. As a result, acrording to stockbrokers Scott, Goff, Haocock, companies merely have to fund production costs, in the case of the Ninian Field an estimated \$4.45 a barrel. On this basis it could be argued that o'l prices would have to fall into single figures before some fields would be shut in.

Nevertheless, says Mr Graham Hearne, chief execulive of Tri-centrol, "if we had a draconian and killing price war and prices dropped to \$15 a barrel, with no belp from sterling, then no project on the books we bave got would make sense"

So far, publicly, the industry is putting on a brave face. Mr

oil companies, sums up the mood best: "You've got to take a 10-year view, A two-year glitch in the oil price shouldn't affect that. At the end of 10 years there will be less oil in the ground and the world will be running out."

Lasmo, labouring under fairly beavy debt-to-equity ratio recently asked sbarebolders for £45m by way of a rights issue, and the market's reaction bas been fairly favourable.

Further, the company has now completed the refinancing of an £80m loan to develon its share of the Beatrice Field. The loan contains a £50m non-rerourse element in lt.

This means that if oll prices should drop over the cliff, the bank will have the financial burden on its shoulders, not Lasmo, Completing such a deal in the present climate of un-certainty, Lasmo believes, further underscores the fact that investors also recognise thet the oil industry is a good risk in the medium term.

"They'll (the banks) have people jumping out of the 42rd floor before Lasmo will," says Mr Greentree, "We don't have a 42nd floor."

development in the North Sea will save the company £360,000 grove, an oil consultant out of every £1m spent on exploration. "That will tip a few more wells over here from Indonesia," be says. But investment decisions still take time the effects of the concess. and the effects of the concessions are unlikely to be felt independent non-producers."

until companies' 1984 budget "Perhaps the Government did cycles, with projects getting the green light at the end of this

Compared to the small the haves and the have-nots in players, the large integrated the North Sea. This will now be companies, like British Peters exaggerated," he said.

roleum and Royal Dutch Shell, are less exposed to short-term price declines, if only because their refining, marketing and chemical operations stand to benefit from lower oil prices. Even so, a planner at me of the Even so, a planner at one of the majors confessed last week: "We're as confused as anyone on what prices are going to he." Sir Geoffrey's concessions Sir Geoffrey's, concessions have had a calming effect, however, on the shell-shocked industry, indeed, work on two fields—North Alwyn and Clyde—had stready begun last year, leading many to speculate that the industry had an idea that help was on the way. Under the Budget proposals the two fields qualify for new field tax fields qualify for new field tax concessions.

Future prospects which will benefit from the concessions in-clude the Balmoral Field. North Brae and the East Forties, developments which will cost

well over £2bn. These projects point the way towards a resurgence of development activity for there

is still a great deal of UK oil to exploit. So far only 3.4bn barrels have been recovered. That leaves some 6bp harrels of "proven and probable" re-coverable reserves waiting to be extracted from existing commercial fields and a further 5bn barrels of reserves in un-exploited discoveries. The UK Offsbore Operators Association,

representing leading North Sea companies, says it has identified companies, says it has identified well over 30 fields which could be produced given the right price and tax signals.

These fields will be needed: For as Mr George Williams, UKOOA's director general commented: "If the UK is to remain self-sufficient in oil into 1990 and beyond, the industry 1990 and beyond, the industry needs to so shead with the develonment of a small field— say of 80m barrela recoverable reserves—once every 50 days."
That means the pace of exploration, which has picked up in the past year or so, must also be maintained. The pros-

pects ere there, even if the discoveries are likely to be smaller and in more challencing locations than the early fields. For having scanned the geology on the UK continental shelf—including the English Channel. the Weslern Approaches and the Atlantic north west of the Shelland Islands—the Department of Energy reckons it is possible for oil companies to discover a further 72 bn to 21 bn harrels

further 7.2bn to 21bn barrels.
"The North Sea boom period oor before Lasmo will." says may be over but the Continental Shelf is still a thriving area, depectally as it bas been given Lasmo reckons that the Chanamodest but significant boost ellor's concessions on new by proposed Government tax

> a fantastic tax advantage over yogurt-makers and the hoteliers in, but there have always been

# Men & Matters

# Theatre circles

London's West End theatre may bave been through a difficult patch but one promoter who has weathered it better than most is Revuebar owner. Paul

Raymond.
Raymond is now offering £2m —all of it his own money — for the Piccadilly Theatre, currenlly in the middle of the debacle over the musical "i" which was called off last week before it even opened. The theatre has been converted at great expense into a theatre res-

expense into a meatre restaurant with dining tables replacing rows of seats.

The Piccadilly, 80 per cent owned by Associated Newspapers, publiabers of the Dally Mail, bas rejected Raymond's initial approach but be tells me he is considering e formal bid. A statement from the theatre flect the full value of the site suggests that a higher bld might be given more thought. 'The theatre is worth £2m

HOME OPPICE

soon blows over-Number Ten is still giving us bell about letting Karl Marx in" to me et the moment because they have converted it into s theatre restaurant," says Raymond. "But if they converted it back to a theatre I don't think span debt to western banks plus it would be worth two bob." Raymond's Windmill Theatre, now renamed La Vie Eo Rose, and converted to a theatre res-

taurant at a cost of £1,25m. reopened last November and is playing to pscked houses, be says. His other theatres, the Whitehall and the Revuebar are doing nicely while the Boulevard Theatre is closed for

The Piccadllly, though empty, is not out of pocket Itself. The "i" promoters are naying rent until they return with a new show in mid-May. But if Rsymond has bis way, the next show would be a lavisb revue — quite a change from the last two productions of "Toad of Toad Hall" and Joosthan Miller's "Hamlet."

# Slim figures

East Germany's foreign trade bank Deutsche Aussenhandels-bank (DABA) bas produced its first annual statement for the benefit of western banks. But after perusing the contents. bankers are generally sgreed the information gap still yawns. The bank has issued a total of just eight figures about itself including its annual profit of 800m East German marks. The balance sheet, it says, has been examined and confirmed by the audit department of the East Germsn finance

Western bankers are com-plaining thest such information as total assets of 53.8bn marks, and total lisbillies of 53bn marks does not tell them very

They note that the DABA profits may have come from currency gelus, interest, and even from the sale of precious for the botel are an American metals. Last year East Gernewapaper, Country Life—and

\$1.5bn in cumulative debts to

West Germany. In its glossy statement DABA cannot resist one "Holier than thou" jibe at the western banking system. While many banks the world over are currently bsdly bandicapped by the "financial difficulties that numerous countries bave ex-perienced," says the bank, it is not one of them.

# **Bootlegger**

Not even the evidence of his shility to walk a straight line after e drinking bout saved 27-year-old Kim Petznick from a olight in jail in London, Chance remark Ontario.

A policeman told the court

he stopped his car when he saw Petznick weaving his way down the road towards him. Petznick the road towards nim. Petrnick strsightened himself up, then, in the words of the officer. "stepped up on the hood and — thump, thumn, thump — walked across the top of the car and down the rear."

# No sale

Jersey's Ann Street brewery, which is to open the new £5m St. Pierre Park botel in Guernsey just after Easter, was startled to be told the other day that the property had been advertised for sale in the FT. It hadn't.

That was just one of s spate of rumours about the hotel being sold or nut on the market that has plagued the brewery during a hectic rush to get the place ready for a grand opening at the start of the season.

Among other nublications re-Among other nublications re-ported—wrongly—to bave car-ried "for sale" advertisements

-somewhat improbably-Horse and Hound. Ian Steven, chairman of the brewery, first tried to Ignore the rumours. Now he has decided that they have become sufficlently damaging to staff morale and to potential business for him to issue a estegorical de-nial. "We are building the hotel to run it not to sell it," be

Source: Surrey University Energy Economils Centre

So far as the brewery's 700 shareholders are concerned good news has come out of these attempts to nobble the venture The price put on the botel by the rumourmongers has ranged from £7m to £10m—indicating a handsome profit potential if it ever were to be put on the mar-

says.

of life in the UK motor trade and the managing director of one of London's larger distributors swears the following

story is true:

Just after Maestro was launched, a known-to-be-bard-nosed fleet customer walked into one of the London show-rooms. He inspected the car, then addressed the defector. then addressed the deferential sslea manager: "Okay, I like it —but I want 15 off, right now." The manager swallowed ner-vously and replied: "I'm sorry sir but it's a new car, demand is high and the most I can give you is 7½."

"Marvelious," beamed the buyer. "I actually wanted 15 buyer.

# Soft sell

Sign on a Lambeth market stall: "Feather-filled duvets. Buy now before down goes up.'

Observer



# A green earth or a dry desert?

There may still be time to choose

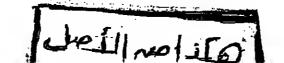
The World is destroying its tropical rainforests. Half the forests have gone, and the speed of destruction is accelerating. If this continues we will lose for ever the earth's greatest treasure house for

continues we will lose for ever the earth's greatest treasure house of plants and animals, perhaps our most valuable natural resource for the future. In the next 25 years the vast forests of Malaysia and Indonesia could be gone forever, leaving erosion to turn a green paradise into a barren wasteland.

It's happening partly because the local people depend upon the forests for their immediate needs for survival, partly because of demand in the developed world for tropical timbers.

In 1980 the WWF and other authorities published a plan for developing resources without destroying them. We need your help to ensure that it is put into action. Write to WWF for more information. It could be the most important letter you ever write. It could be the most important letter you ever write.





# Letters to the Editor

# The Chancellor as a family man

From Mr P. Boys

Sir.—Pollowing the announcement in the Bndget that mortingage interest relief is now available on mortgages up to available on mortgages up to £30,000 readers may be interested to know that some potential borrowers will actually be worse off in the earlier years of their mortgage. The reason for this is that the benefit of the Increased tax relief is more than offset by the fact that new borrowers will-have to switch to the MIRAS system if their mortgages are

not more than £30,000.... This will mean that a basic This will mean that a basic rate tax payer (probably the first time buyer in the South East whom the relief is claimed to belp most) who could have borrowed £30,000 before the additional relief was granted and opted for a repayment mortgage would probably have fallen under the old system and had in the first year, monthly had, in the first year, monthly payments, after tax, of £212.93 for e 25-year mortgage at a 10 per cent interest rate. The £212.93 is made up of a payment of £167.025 on £25,000 (with the tax relief) and £45,905 on £5,000 (without any tax

Now with the rellef increased to £30,000, the borrower will that the after tax monthly pay. Kirk Ella, E Yorks.

Admittedly the new relief will be felt in later years; but will the new measures actually encourage or allow first tima buyers to borrow more? Peter Boys.

(Lecturer in Accounting),

The University, Canterbury, Kent. From Mr E. Landou.

Sir,-I am absolutely fascinated to know where the Chan-cellor and his collaagues at the Treasury get their figures from relating to increases in the cost of living. Almost every time my wife or any of ber friends go shopping they find that the tin, packet etc costs a few more pence than the one purplessed pregiously—in some purchased previously—in some cases only a few days before— which we still bappen to have

The latest example was last week when I paid 50p at a chemists for a packet of adhesive numbered spots. I purchased an identical packet from the same shop two nr three weeks ago for 42p, ie an have to come under the MIRAS three weeks ago for 42p. ie an system which, because the tax increase of just under 20 per relief is spread evenly over the life of the mortgage rather than being front loaded, will mean Tressillian, 34 Packman Lane, that the after two mortals part.

# Simulation of Labour's programme

policies. We carried out two ticularly rapid. Because wage simulations. One had a fairly projections are highly uncersuccessful outcome, one unsuctain, our work on Labour party cessful. The first assumed restraint in wage growth and, following recent statements by the Labour party leadership. import controls rather than further substantial devaluation. Wa included fiscal expansion two-thirds as large as essumed in recent work by Peter Shore. This reflects our judgement that larger expansion is not consistent with wage restraint. The second of our simulations assumed that wage restraint failed leading to a sharp exchange rate fail

change rate fall. As Mr Straw says, in the LBS tion leads to wage rises that eventually erode competitive gains completely. This property is not "imposed" on the model

From Mr G. Keating
Sir,—Jack Straw, MP (March
18) raises several points about on Labour Party
our work on Labour Party

economic data. In most other models of the UK, wages rise in response to a devaluation. In the LBS model this rise is parpolicies looked at two different outcomes.

> Our conclusion was that on favourable (and not implausfavourable (and not implaus-lble) assumptions the policies produce faster growth than our central forecast based on a con-tinuation of Conservative poli-cies but we elso showed that unfavourable conditions could produce both higher inflation and lower output. When a radicat change of policies is being proposed it seemed sen-sible to us to discuss a range of sible to us to discuss a range of possible outcomes; we did not intend to imply (and do not be-lieve) that the result was bound to be disastrous. Giles Keating.

London Business School, which we still bappen to have but has been carefully tested Sussex Place, at bome displaying the old and is not rejected by the Regent's Park, NW1

### The Revenue and Parliament

From Mr C. Beattie QC Sir,—I refer to the letter from Mr Nugee, QC (Msrch 1) dealing with the tax position of United Kingdom resident beneficiaries who are the objects of a discretion vested in non-resident trustees. Mr Nugee indicates that the House of Lords' interpretation of section 42 of the Finance Act 1965 in Leedale v Lewis as imposing tax liability on such beneficiaries whether or not they have received any benefit under tha trust is correct. If by that be means that a decision of tha House of Lords becomes tha law of the land, he is of course

sycophantic to the House of Lords, which name of their Lordships would demand ontside the House. I suggest that the House of Lords interpreted the statute wrongly, a suggestion which I could not as a lawyer make in any court short of the House of Lords itself, but which make in any court short of the a disadvantage compared with House of Lords itself, but which beneficiaries under a non-I can make in writing to a resident trust. The statute newspaper. Sub-section (2) of neither says nor indicates any section 42 requires that a such thing; the House of Lords' chargeable gain of non-resident decision in fact puts benetrustees shall be apportioned ficiaries under a non-resident letter (March 15) prompts me guisned correspondent nawley to add further comment to the debate on the Campaign for major-general, merely a foot-beneficiaries in such manner Nuclear Disarmament in your soldier in the woolly-bat as is just and reasonable and columns. values of their interests. There is nothing just and reasonable in apportioning gains among beneficiaries who are mere objects of the trustees' discretion and who may never receive a penny, nor is such an apportion and the such an approximate the such an approximate the such as a such an approximate the such as a such respective values of the section 4: respective values of the given in beneficiaries interests, sin; section the interest of a beneficiary enacted, under a discretionary trust is C. N. Beattie QC. not capable of valuation. It is 24 Old Buildings, reasonably clear that the Lincoln's Inn, WC2

liability of such beneficieries is meant to be covered by sub-section (3), which applies only to beneficiaries who bave received benefits through the exercise of e discretion.

The main reason why the

House of Lords refused to accept such an interpretation as suggested ebove is that the reference in sub-section (2) to "any such amount" was read as referring only to the whole amount of the chargeable gain. But when such a reading brings about an obvious conflict with the "just and reasonable" requirement, something bas to be rejected, and I submit that it would have been better to have rejected the conlention that the whole amount of the gain had to be apportioned.

Furthermore, the House of Lords came near to legislating

when it said that section 42 was apparently intended to secure that beneficiaries of a resident trust should not be at trust in a worse position than Doculel is still fighting, bowbeneficiaries under a resident trust, since in the case of a resident trust it is not the beneficiaries (except in certain circumstances where a bene-ficiary takes absolutely) who

pay the tax but the trustees. The Inland Revenue has much to answer for in arguing in the courts for an interpretation of section 42 contrary to assurances given in Parliament when the Automated Banking

# The robots fight it out

By Alan Cane

AUTOMATED TELLERS

A BATTLE is on among elec-tronics companies for shares in the rapidly expanding and lucrative market for robot bank cashiers, otherwise known as automated teller machines

Banks have already invested a conservatively estimated \$2bn in these machines, opening up new markets for manufacturing companies ranging from IBM. colossus of the computer world, to relatively small organisations like Diebold Corporation, the undisputed U.S. market leader. But it is not only banks which are investing in ATMs. Britain's building societies, for example, are anxious to build their own are anxious to billed their own nationwide system of shared ATMs. And five UK banks—including Barclays, Lloyds end Bank of Scotland — recently announced they had agreed to pool their networks of ATMs.

The world market has grown in the control of the control of

swiftly. According to Predicasts, the U.S. market consultancy there were only 6.300 ATMs installed in the U.S. in 1977. By 1981 the figure had grown to 25,400 and it is estimated there will be some 90,000 in 1995.

In Europe, Battelle Institute, a marketing consultancy which has carried out a detailed market study, estimates that the number of machines bas grown from only 3,800 in 1975 to 11,000 last year. And in Japan, where the use of the ATM has been brought to a high art, some 27,000 ATMs and cash dispensers were in use at the end of 1982.

The manufacturer credited with first creating demand for ATMs in the U.S. is Docule! Corporation of Dallas, which had an 80 per cent share of the market by 1978.

But Docutel was let down by its technology and driven almost to bankruptcy as existing and potential customers turned to its competitors. It has now since re-established its reputation with a reliable and well-designed range — but too late to hold its dominant mar-ket position. Diebold and IBM are now the U.S. market leaders, while in Europe IBM probably just bas the edge on

ever. It recently merged with the U.S. interests of Olivetti, the Italian-based office automation multinational, which has effective control of the resulting company, Docutel-Olivetti. Olivetti's 1srge customer base Market Shares Europe

U.S.

The wonder of the U.S. ATM national with significant in-makers is Dlebold. An old-terests in financial automation, established company manufac-turing bank security equipment, It bas a chequered financial record, but most observers are agreed that it currently offers the most advanced machines on the market. They can even report mooey market rates, weather forecasts and foolball

After a difficult start in robot cashiers-it had invested some \$20m over seven years only to find its markets killed by the 1974 recession in the U.S.—Diebold struck lucky.

When the banks were ready lo buy again, Diebold had reliable machinery for sale while lts competitors were

faltering.
In Europe, the picture is quite different. European banks and financial institutions may have come late to ATM's but the way in which they now use them is ahead of anything in the U.S.

For example, the largest European ATM network—that of French bank Credit Agricole —involves 1,600 machines. The biggest in the U.S., Day and Night Teller, the proprietary network operated by the First Interstate Bank of Los Angeles, has only 620 machines on its

IBM is the leading European ATM supplier; in the UK its machines are used exclusively by Lloyds Bank. The other UK machines are used exclusively ATMs can offer the banks a by Lloyds Bank. The other UK range of new marketing possiclearers are using either NCR bilities — which most of them the fron Wednesday, March 30.

could give it valuable extra machines or a mixture of NCR penetration in tha market and IBM machinery. Philips, place. The Netherlands-based multi-

is marketing the Diebold range of machines in Europe.

NCR whose 1,780 ATM (the NatWest "Servicetill" and Barclaybank) has proved very successful, has just developed a new device claimed to offer new reliability and a
"voice response" feature. Bankers like the high reliability
but think the talking terminal

something of a gimmick.

NCR's marketing effort will
also be boosted in Europe by
the arrival of Universal Money Centres, a company which is suppling NCR ATMs to banks and building societies free of charge—the financial institu-tion merely pays a monthly charge for its customers' plastic

But, for the banks installing them, ATMs are proving something of e two-edged weepon.
They were introduced as a
sophisticated way of keeping
the customer happy while keepiog a lid on overbeads. Yet
specialists in ATM economics argue that it is bard to measure real savings, Mr Peler Hirsch, of the

Battelle Institule, says: "We are still only near the beginning of self-service in banking. It has mostly not been profitable up till now, But it may be ... Indeed, it must be, for the fulure of banking ..."

have yet to exploit — but they also open traditional banking markels to rival financial organisations, such as the

building societies.

"Building societies must offer paymeol services if they are lo grow and protect their present business. ATMs are an essential part of this development," says Mr Peler Lumb, chairman of a Building Societies Association study group examining the

issue.

But the manufacturers and installers of ATMs cannot afford to be complacent. Two immediate challengers are to get rid of queues at the machines and provide a 24-bour service.
On the first issue, there is likely to be a move to two different kinds of machine a simple cash dispenser and a true ATM, providing a range of services including batance and statement queries. Some machines in the U.S. are said to provide up to 125 different service options, which could prove infurlating to the next

customer in the queue.
Pooled ATM networks in general provide only cash. A Lloyd's customer will be able to draw cash from a Barclays ATM, but not obtain his or her count balance

In the UK, 24-hour opening remains in question. The recent announcement on pooled ATMs indicated that Barclays has decided to move to "on-line" working. In other words, customers will be able to draw cash only when the computer cash only when the computer centre is open because every transaction is referred back for clearance.
Lloyds has always operated

this way, arguing that it provides the only true safeguard against fraud. NalWest and Midland will continue to offer on- and off-line working. their ATMs giving out cash off their own bat against information coded magnetically on the customers' bank card.

There seems little doubt that the ATM market is set for a period of rapid expansion. The chief threat on the horizon is home" offered by personal computers and viewdata systems. But the companies involved in manufacturing ATMs should have the expertise to exploit this market as well. " ATMs and Cash Dispensers: a Euro-poen Survey 1982, Bettelle Institute Landon £850.

# LET'S SET UP A PEACE CAMP IN A 5-STAR HOTEL NEAR THE CO SOVIET EMBASSY

# European disarmament campaigns

From Mr R. Bruce Lockhart Sir,—Monsignor Bruce Kent's Sir,— Unlike your distin-letter (March 15) prompts me guished correspondent Rowley

West Berlin has for many years now been held by the Soviet Government to bave a very special status and anyone with even a little finger on the diplomatic pulse should know that Soviet protests about the holding of the disarmament tow among people of all policionvention relate directly to the choice of West Berlin as the deployment of nuclear weapons

in the world.

As for the Monsigner's gibe at my living in a world of "the Good and the Evil." an incompatible idea apparently in his "real" world, one wonders to destroy another to de real" world, one wonders whether he is suffering from some form of amnesla in relation to elementary Catholic teaching. Monaignor Kent should revert to his first duty as a priest, preparing souls for the next world, instead of medium of the sould are to the sould be launched. With such thank, the temptation to risk a suicidal first-strike will one day prove overwhelming. dling in politice military strategy in this world and allowing himself to become a tool of Moscow—even if unwittingly.

Robin Bruce Lockhart, 37 Adeloide Crescent,

From Major General R. Mans Sir,—Mgr Bruce Kent (March 15) complains of criticism of Sir, Mgr Bruce Kent (March 15) complains of criticism of the Campaign for Nuclear Disarmament on the grounds of guilt by association. He attempts the northey the march of the people and our voice must be beard for the sake of every person on this attempts to portray the move planet a and West by citing the attack John M. Johnson. by the state run Soviet Peace Committee on the forthcoming Committee on the forthcoming Berlin disarmament convention in which CND is participating. To suggest as he does that the "ventriloquist does not abuse his dummy" is I believe a bighly simplistic interpretation of this ettack. The Soviet propaganda machine has employed this device on many occasions. It is a favoured ploy to convince the audience that the doll is an Independent agent.

Throughout 1982 and in ecent weeks the Kremin bas indicated on innumerable occasions that it regards the Western anti-nuclear movement as manns from a Communist heaven. Boris Ponomarey and other leading Moscow ideologists are taking every opportunity to identify the propaganda advantages offered by extending CND and applements. ploiting CND and analogous organisations . . . Moreover, impetus is given to these efforts by the pro-Soviet pronquincements made by many leading figures in those movements. One such example was when the then national organiser of CND stated on Moscow radio on June 7, 1982 that the difference between CND and the Soviet Peace Committee was that the former was trying to change government policy whereas the latter was supporting Soviet policy which was obviously in favour of peace.

favour of peace is I suggest yet read this book. Can it be that visit to the bank another example of Soviet venithe N in CND stands for trlloquistic art.

(Maj. Gen) Rowley Mans, Kirke House. Sway Road, Brockenhurst.

convention tends attended in the deployment of nuclear weapons venue. The Russians would prefer the convention to be held in almost any other city nuclear war that it was thought to be interested in the convention of the convent

Soviet strategists, like their Nato counterparts, are eager to expand and improve their nuclear war fighting capabilities. Why do we not demonstrate outside the Soviet Embassy? Because the Soviet Union is a dictatorship whose leaders pay little enough attention the state of the tion to the yearnings of their own people.

sake of every person on this planet and for generations yet

(Tories against Cruise and Trident), 3 Halesden Road, Heaton Chapel, Stockport.

From Ms N. Mayo.

Sir,—On March 15, Monsignor Kent, general secretary of the Campaign for Nuclear Disarmament asked for an explanation of the bitter attack by the Soviet Peace Committee on organisers of the forthcoming Revilla disarmament convention. Soviet Peace Committee on organisers of the forthcoming in Berlin disarmament convention.

Perhaps the following extract from "We will bury you" the (reviewed in the FT in "My book of the year," December 11, but could never realistically book of the year, "December 11, but could never realistically bope for more than half, how-likest ranking Communist ever to defect, will enlighten Monsignor Kent: "Our broad approach, under Soviet direction, was to belp the (West German) SPD to gain power and hold it... Moreover, the Kremlin ordered the Wersaw Paet countries to co-ordinate their policies towards the SPD initiative.

That the maximum way short of running costs. The financial difficulties of TV-sm bave been inherent in its structure from the start, and an improved share of this, but could never realistically bope for more than half, how-like Esher Green. Esher, Survey.

Impressed by In an English Country garden

From Mr P. Johnson

Sir,—In your issue of March their policies towards the SPD initiatives disappointment at the failure of the control of the programme content, and an improved share of this, but could never realistically bope for more than half, how-like like total beautiful total beautiful total improved share of this, but could never realistically bope for more than half, how-like like like total beautiful total beautiful total improved share of the total beautiful total beautiful total improved share of the country like help. (Professor) Harry Henry.

In an English

Country garden

From Mr V. Ellis

Sir,—Referring to Robin Lane

Fox's stylish and amusing article on old tricks when deal-like with a disappointment at the failure of the programme content.

The proper may be be the total bave been inherent in its structure from the start, and an improved share of this, but could never realistically beautiful total bave been inherent in its structure from the start, and an improved share of this, but could never realistically beautiful total bave been inherent in its structure from the start, and an impro to make it seem that we were responding 10 SPD initiatives and thus enhance the presting of that party. But we had to take care lest the SPD be branded as pro-Communist, and so we would make periodical attacks on it. Meanwhile, we Czechs and East Germans channelled funds to sustain its

the N in CND stands for Naive?!

(Ms) N. Mayo. 10 Newlands Lane.

# Cinema audience distractions

From Mr P. Littler

find the majority to be warm We are well aware that ioviet strategists, like their vato counterparts, are eager to expand and improve their inclear war fighting capabilities. When the provided in the majority to be warm and comfortable. Those within the Rank chain tend to be better managed and maintained, although they do not usually show the best films.

The correspondence, however. only touches on what I regard action whatsoever to control as the overriding disadvantaga in seeing films in the cinema, I have a particular fondness and that is the declining stan-dard of audience be'l viour.
When I was a child, less than

20 years ago, I was always taught that one should remain silent while watching a film and if sweets bad to be eaten then Cellophane wrappers were to be avolded at all costs.

of all age groups to talk to their companions, without any attempt to whisper, throughout the exhibition of films and to Sir,—I read with interest the correspondence (March 16) with regard to British cinemas.

I regularly attend cinemas in south-west England and south Wales and, contrary to many of your correspondents' views, I Out of about 150 films seen in

past year, I can only recall about 12 films when I was not at some stage distracted by other members of the audience. Management and staff take no

for cinema buildings generally and for seeing films on a large screen. I fear, however, that other filmgoers will shortly driva me to the seclusion of my

own video recorder. Philip J. Littler, The Explanade Today, it is common for people Burnham-on-Sea, Somerset.

# Potential breakfast TV viewers

From Professor H. Henry
Sir,—Comment on the unhappy financial situation of TV-am has focused on the personalities involved: in fact it is largaly determined by external factors beyond their control. Pressures on people's time during the early morning mean that the maximum audience to be looked for then cannot average more than 4 ever the programmes and the presenters might be shuffled. Even with an average a unience (or rating) of 2 per cent, bowever, the really quite simple economic equations of TV advertising rates indicate an annual net revenue barely reaching f6m—a figure some way short of running costs. The financial difficulties of TV-am cannot average more than 4

Lloyds Bank to bave the prometional material available for its young savers account.

record that my own branch, at Cheadle in Cheshire, was able to supply for both my children for many a rabbit. The absurd implication that signor Kent and his colleagues and promotional material in a hair to scare off deer and no the British Government is not in the CND take the trouble to most helpful way on my first wistaria is worth the sight of favour of most program is I suggest that Mon-all the necessary documentation I cannot spare sufficient and promotional material in a hair to scare off deer and no favour of most program is I suggest that Mon-all the necessary documentation I cannot spare sufficient and promotional material in a hair to scare off deer and no favour of most program is I suggest that Mon-all the necessary documentation I cannot spare sufficient and promotional material in a hair to scare off deer and no favour of most program is I suggest that Mon-all the necessary documentation.

27. Grange Ave. Hale. Altrincham, Cheshire

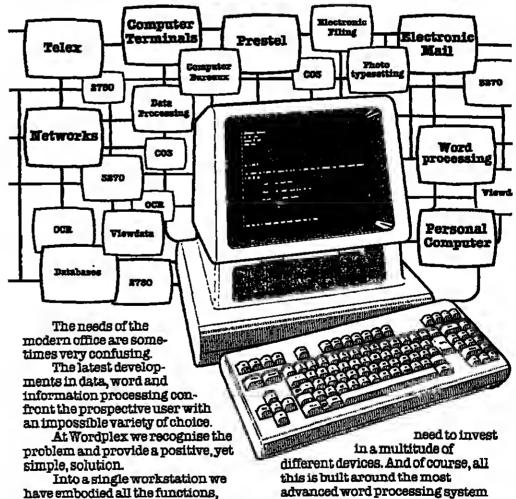
ing with garden pests (March 16). I've found: gartic cloves, planted round rose bushes dis-courage greenfly, a keltie of bot water, poured into drills prior to sowing spurs on parsley; neither mothballs, smoke bombs nor caper spurge deter garden moles but a good shot from my

bathroom window has accounted

a rice pudding, even when ac-companied by prunes at the Garriek Club. Try tea leaves. Instead. Vivian Ellis. Holnicote, Nr Minehead, Somerset

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# **FINANCIAL TIMES**

Tuesday March 22 1983



SPILLAGE MAY EXTEND 160 KM FROM KHARG ISLAND TERMINAL

# Fears grow over Gulf oil slick

a state of aiert over a vast slick of beavy oil moving towards their shores. The slick is moving south from Iran's Nowruz oil field, near the main oil export terminal at

The spillage follows one collapse of a single-well platform in February, apparently as the result of a collision, and missile attack by Inc. n, and missile attack by Iraqi helicopters on other nearby plat-forms in early March.

Saudi pilots on regular surveillance missions have found difficulty in tracking the slick's progress because it remains := the war zone of Iranian territorial waters. Three days ago, the outer rin: was reported 19 km north-east of the Feridoon-Marjan field, which hes due south of the Nowru: field.

Patches of oil are also said to lie

Lord Sieff

steps down

at Marks

& Spencer

By Ray Maughan in London

LORD SIEFF is to give up his du-ties as chief executive officer and

joint managing director of Marks & Spencer, one of Britain's leading re-

tail groups. He will remain as chair-

man at the request of the directors.

Lord Rayner, a joint vicechairman and joint managing direc-

tor, will become chief executive on April 1. This is the start of the re-

tailing group's financial year and is three months before Lord Sieff's

The appointment of Lord Rayner, who until the end of 1982 was a spe-

cial adviser to Mrs Margaret Thatcher, the UK Prime Minister, in her drive to cut waste and im-

prove central government efficiency, will end a family stewardship of

In October last year Marks &

Spencer was shown in the FT Euro-

pean Top 500 as fifth largest company in Europe by market capitalisa-

Mr Marcus Sieff joined Marks &

Spencer in 1935 and was appointed to the board in 1955, where he was

responsible for building up the food

He became vice-chairman in 1965

and chairman in 1972 when Marks

& Spencer was turning over £417m (S626m) a year. Sales last year

He was knighted in 1971 and was

Marks & Spencer said yesterday

that Lord Sieff felt the time was

right for a change, and the chair-

man had informed a meeting of the

board yesterday morning that he

intended to relinquish his executive

posts to continue "the sensible and

orderly development of the group."

A fierce critic of government in-

terference in corporate affairs and

an equally passionate advocate of

close staff and community rela-

tions. Lord Sieff was attacked last

year by several members of the

group's large and otherwise admir-

ing audience of shareholders at the

disclose details of property deals

He said later that be regretted not having informed the Stock Ex-

change of the group's housing ar-

rangements.

He has worked closely over the

years with Lord Rayner who joined Marks & Spencer in 1953 and be-

came joint vice-chairman in 1982. Mr Michael Sacher, a joint

managing director and joint vice-

chairman is also relinguishing his

executive responsibilities at his

own request.
Mr Sacher who is 65, will retain

World Weather

the title of vice-chairman.

annual meeting over the failure to

created a life peer in 1980 for ser-

side of the group's operations.

reached almost £2.2bn.

vices to exports.

70th birthday.

in Leeds in 1894.

GULF COUNTRIES have declared feeting an area possibly 160km

dispersed, the slick could drift back and forth for months in the semi-enclosed Guif waters, buffeted by the variable winds. The oil is too heavy - 20 to 21 API, compared with North Sea crude's figure of 37 - and too weathered to disperse easily,

The spillage rate is now put at 5,000 to 7,000 barrels a day (b/d). with approximately 100,000 barrels already disgorged. Apart from Iran itself, Saudi Arabia, Qatar, the United Arab Emirates and Bahrain

are all at risk.
Efforts during the past week to persuade Iraq to give safe conduct to a team from the Red Adair company, waiting to begin emergency repairs, bave failed. The team is now ashore in Dubai.



Mr Khalid Fakhro, newly ap-pointed director of the Bahrain-based Marine Emergency Mutual Aid Centre, is today expected to

meet meteorologists and pollution control experts from oil companies. The centre's parent body, with beadquarters in Kuwait, is the Regional Organisation for the Protection of the Marine Environment, of which both Iran and Iraq are mem-bers. A spokesman in Bahrain com-plained, however, that the organisation had no enforcement powers.

Another co-ordinating body, the Gulf Oil Companies Mutual Aid Or-ganisation, is said to be ready to act on government instructions. But neutral members are saying that this is not their oil and want assurances about covering any clean-up

The oil started leaking in the first week of February, when a single-well platform, which was shut down after being damaged, finally sank.

The belicopter attack which followed came as men and equipment were being mobilised to seal it off.

A two-well platform and a four-well platform were set on fire, and an-

# Ambrosiano successor expects operating loss of up to L30bn

BY JAMES BUXTON IN ROME

NUOVO Banco Ambrosiano, the successor to Banco Ambrosiano which went bankrupt last August, expects to make an operating loss of between L20bn and L30bn (\$13.9m) in its first accounting peri-

Sig Giovanni Bazoli, chairman, said in Milan yesterday that the new bank had also finalised its proposals for helping the small characteristic will be issued free on the basis of three per share in the basis of three per s posals for helping the small share-holders of the old Banco Ambrosiano who lost their money when it collapsed. The new proposals are to be put to a shareholders' meeting in

May, Sig Bazoli has always said that the bank would make a loss in the first accounting period but that the size of the loss would depend on matters relating to the management of the old bank. In addition, the balance sheet would have to re-flect the L350bn which the seven-bank consortium that rescued Ban-

Rohm sets

up hybrid

Under the new proposals, the banks's nominal capital will be raised to L750hn and two types of warrants will be issued to the shareholders of the former bank.

ed to shareholders who beld up to 50,000 shares in the old bank. These will be convertible at the cominal value of the new shares, L1000

The other type of warrant will be available to those who formerly had more than 50,000 shares in the bank. On these, a Premium of L300 per warrant will be payable oo top of the nominal value when conver

Just under 40,000 small share-bolders are thought to have owned spanned almost 90 years.

Lord Sieff described himself yesterday as "a third-generation shop-keeper." He is the grandson of Mr Michael Marks, who, with Mr Thomas Spencer, founded the business in Lord in Lor

the warrants to bona fide ex-share bolders and to exclude those who might have been involved with the mysterious operations of the defunct bank, either through shareowning or on the board.

The warrants will not be available to those who were directors of the old bank in the past five years before the change of management, nor to people or institutions which are in contection with the new bank. Nominee companies and foreign banks will not be eligible unless they disclose for whom they are acting and are not acting oo be half of shareholders who would otherwise be ineligible. Only foreigners who are legally subjects of EEC countries will be eligible.

Sig Bazoli said in Milan yester-day that be believed the offer would please most of the small sharehol-

He said: "With this operation we expect to speed up the development of the Nuovo Banco Ambrosiano, obtaining the confidence of those supporters who were harmed by

# prestige intact

wheat unit

By Paul Taylor In New York ROHM and Haas, the Philadelphia-based plastics and chemi-cals group, said yesterday that it had formed a new subsidiary to market hybrid seed wheat which it has developed using genetic engineering.

The new subsidiary, Rohm and Haas Seeds, will use the company's Hybex technology, which prevents normal pollen develop-ment in wheat and makes possible the production of thigh-yield, disease-resistant wheat hybrids on a commercial basis.

Rohm and Haas said the new wheat hybrids were expected to increase yields by as much as 30

# Bulgaria looks West for deals

By Christian Tyler in London BIILGARIA is looking for longterm agreements with more West European industrial concerns, particularly the transportation, robotics, mechanical handling

and other engineering sectors.

Mr Georgi Pirinski, a deputy
foreign trade minister for Bulgaria, said in London last night
that Bulgaria was interested in
partnerships where it could conpartnerships where it could con-tribute finance, technology or

Salebarg
Shand
Sangapara
Storishalm
Sreatheary
Sydney
Tager
Taken
Tal Arro
Talepa
Totage

# French Socialist

Continued from Page 1

best interests lie in closer European collaboration both on economic and security issues. It is strongly op-posed by a clutch of senior minis-ters - M Delors himself, M Michel Rocard, the Minister of the Plan, and M Pierre Mauroy, the Prime Minister - who believe that a retreat into "fortress France" would have sapped industrial competitivity. It would also have meant a befty devaluation, and was thus seen as a

policy of last resort. The realignment means thet French economic policy will swing back to what had been planned before the unexpected success of the oil prices. Socialists in the second round of the municipal elections on March 13 two years of bard slog in which pnrchasing power will be cut to plug the external and public finance deficits the Government ran up in its first year of go-it-alone expansion. In political terms this implies a return to the Centre, but with a strong emphasis on shielding the less well off and greater taxation of

The details of the measures and the men to run them bave yet to be spelt out. This is to be done tomorrow evening when President Mit-terrand is to address the nation on television. He will then also attempt to erase the impression of confu-sion and divided leadership left by

the extraordinary last ten days. For caught between a devaluation crisis, a major row with West Germany, an internal squabble among Socialists and Communists over the direction of policy, and the

rand's basic belief that France's planned cabinet reshuffle, the Government has at times seemed rud

The irony is that the one point on which President Mitterrand and Socialist party officials were fully agreed was that the second phase of his administration - beginning af-ter the municipal elections - should

be marked by greater cohesion The immediate impact of the devaluation on the French economy will be a further deterioration of the trade deficit, which reached FFr 93bn (\$12.4bn) last year, by an increase in the import hill that will erase some of the impact of lower

The measures to be announced President Mitterrand have as their already stated goal cutting back the trade deficit by over half to FFr 45bn this year, and of returning to balance by 1984, while bringing down inflation to 4 per cent - 5 per cent by the end of next year. It is by no means clear whether this can be achieved when inflation is currently running at 9 per cent and Renault, for example, has reached a pace-setting wage agreement of about 10 per cent for 1983. Among the measures under discussion have been the freezing of some FFr 20hn of budget expenditures

forced savings and higher publicsector tariffs. In political terms, M Mitterrand has support for a more "rigorous" policy that does not hit the lower paid from the "social democrats" of his own party and from the pro-Socialist CFDT union.

the consequences of the realign-

higher social security contributions

# EMS to be realigned

Continued from Page 1

forced a break in the negotiations and the unprecedented suspension yesterday of the fixing of EMS parities by central banks and of their obligatory currency interventions in defence of those parities. In the event, the Netherlands, Denmark, Belgium and Luxembourg all came through with agreements to revalue their currencies as long as Herr Stoltenberg was able to add 0.5 per cent to his original D-Mark revaluation proposal and to shave 0.5 per cent off the planned franc devalua-

Although harmony has been rest-

ored to Franco-German relations, the operation of the EECs guide both countries are worried about prices for steel.

ment. M Delors urged Herr Stolten-berg to reduce urgently West Germany's monetary compensatory amounts. These subsidies on Wes German farm exports and levies on its imports are meant to bridge the gap between the "Green Mark," which translates EEC farm prices into domestic currencies, and the

The issue could become a problem at EEC farm price negotiations

The realignment will also affect

# European computer makers in research project

By Guy de Jonquieres in London and Paul Betts in Parls

ICL of Britain, Cii-Honeywell Bull of France and Siemens of West Ger-many – the three largest Europeanowned computer manufacturers are discussing proposals to estab-lish a joint centre to undertake long-term research on advanced

computing systems.

The project, which may be expanded to include leading software (programming) companies in the three countries, represents the first serious attempt at collaboration between major European computer manufacturers for almost a decade. The companies hope to take a firm decision later this year to set up a single laboratory, probably at a continental site. According to reports in Paris, it would have about 50 staff and a fairly modest initial budget of about £5m a year. But it could become the nucleus for wider

co-operation later.

The centre's work would be linked broadly to the EEC's Esprit programme, which is intended to foster European collaboration in strategic areas of electronics, including research into advanced components, materials and the systems needed to build a new genera-

tion of "intelligent" computers.
Esprit was launched last year by
the EEC Commission, with support from a dozen major European electronics manufacturers including ICL Cii-Honeywell Bull and Sie-mens. The UK Government is also considering plans for a broadly similar national programme, which would cost £350m over five years.

The idea of a joint research centhe stee of a joint research centre was first proposed by M Jacques Stern after he became head of Cillioneywell Buil last year. The talks were expanded to include Siemens at the suggestion of Mr Robb Wilstein and Mr Rob

mot, managing director of ICL.

The last time European compute manufacturers agreed to pool their resources was in the early 1970s, when Siemens, France's Compagnie Internationale d'Informa-tique and the Dutch Philips group set up a joint company called Uo-

# **Braniff** to sell 20 jets

By Paul Taylor in New York PEOPLE EXPRESS Airlines, the fast-growing New Jersey-based car-rier, said yesterday that it had reached an agreement in principle to buy 20 Boeing 727-200 jets from Braniff Airways for \$80m.

The purchase which is subject to a number of conditions, would almost double the size of People's ex-isting fleet of 21 aircraft.

Braniff International, the Texasbased airline holding company, filed for protection under chapter 11 the U.S. bankruptcy code last May. Last week the company finally abandoned an earlier scheme unde which PSA, which operates Pacific Southwest Airlines, would have leased Braniff equipment to start a new Texas-based airline. Braniff has until April 4 to present a new reorganisation plan to the U.S.

bankruptcy court People Express said yesterday that its plan to buy the Boeing jets from Braniff and to lease a Boeing 747-200, part of the Braniff fleet of 62 aircraft, was subject to bankrupt. cy court approval and government approval of its plans to provide a non-stop service from New York's

Newark Airport to Londoo. Under the agreement, the 727-200 jets would be delivered to People Express between November this year and March 1985, with People Express having the right to ac-celerate delivery of six of the aircraft to this summer.

The Boeing 747-200 lease would be for five years ending in September 1988, with People retaining the right to cancel the lease at the end of the first year. People Express would pay \$50,000 a month for the lease initially from delivery and then \$250,000 a month after Sep-tember this year. The airline would elso have the right to purchase the jet at the end of the lease.

People Express, which had not in-come of \$1m and operating earn-ings of \$10.46m last year on operat-ing revenues of \$138.7m, said it had also agreed to purchase a Boeing 727-300 flight simulator, ground equipment, technical assistance and flight training from Braniff. Earlier this month the airline signed a letter of intent with AcDonnell Douglas to purchase the eight Boeing 727–200s that McDon-nell is buying from Alitalia airlines. The airline, which has until March 29 to decide whether to proceed with the deal, also took an option to buy a further nine used Boeing 727s

# THE LEX COLUMN

# **Brussels sprouts** an omelette

The European Monetary System has emerged from the most inglorious episode in its brief history with a realignment which, while unsatisfactory in detail, is more realistic than might have been expected on Sundsy evening. The key D-Mark/ French franc parities have been set at a level which should be sustainable, even under existing monetary and fiscal policies, for the next few months.

The foreign exchange market responded, as usual, more to the technical positions which had been built up ahead of the reshufile than to the new parities themselves. The market had sold the franc short against the D-Mark, through the intermediary of the dollar, over the weekend and the covering of those positions yesterday had the pre-dictable effect of pushing the franc towards the top of the new struc-ture and the D-Mark towards the

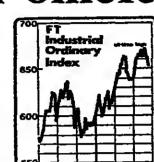
It is a little surprising that, after all the public wrangling between Paris and Bonn, it is the minor currencies in the system which emerge with the more anomalous parities. The guilder might, on ground of either current account or inflation differentials, justifiably have been revalued in line with the D-Mark, while the 1.5 per cent revaluation of the Belgian franc against the ecu probably owes more to domestic economic priorities - and to the sensitivities of Luxembourg - than it does to the realities of the foreign exchange market

For the time being at least, these anomalies oeed not matter, It is quite possible for the smaller members to adjust their parities unilat-erally, as Belgium did last year, while the foreign exchange re-serves of West Germany are sufficient to support weaker currencies with modest capital flows almost in-definitely if oeed be. Ireland, after all, sustained unrealistic parities until yesterday without resort to Saudi credits or stratospheric Euro-

But the new arrangements will prove no more durable than the last set unless they are accompanied by

200 per cent at present.

Even after these changes, bow evidence of convergence on the monetary front. The effective eight per cent realignment of the franc and the D-Mark will intensify inflagroup's liquidation of its Domestake will lop almost C560m of divisional control of the company import prices rise, while the contractionary effect on the money supply of heavy foreign exchange intervention will now be removed. ness, which saw a 6 per cent loss in Trust rather than the 142 per cent The converse, of course, will apply volume last year. Costs have been reported in Saturday's column.



in West Germany - a fact which may tacitly have been recognised by the Bundesbank's decision last week to lop a full point off key do-mestic rates at a time when money stock growth was already fairly rap-id. Over the last fortnight, the EMS has suffered a blow to its credibility which, without acknowledgement of basic economics, could well prove

### Hudson's Bay

The CS33 a share which the Thomson family interests paid for their controlling interest in the Toronto-based Hudson's Bay only 4 years ago now looks very expen-sive. The shares are trading at has held up through the bad news of last year's results, it may need a marked upturn in personal con-sumption to get it moving ahead again. Net losses last year amount to C\$122.2m, with trading profits of C\$130m totally submerged by

C\$261m of interest payments. Hudson's Bay is tackling these mounting financial charges through a capital reconstruction which will bring in cash of around C\$560m and reduce short-term variable-rate debt to CS430m. The Issue of C\$112m of new preferred shares will restore some of the depleted equity, leaving debt at a marginally more manageable 160 per cent of shareholders funds, against almost

high level of savings in Canada suggest that there is plenty of pentup demand. But no doubt George Weston, the loser in the 1879 takeover stakes, is happy not to have won

Bart

### Biogen

Parts of the Biogen share issue prospectus read like a premature offering for April Fool's Day, with products under development like a feedstock bormone additive to help animals grow bigger on less food 532m since 1978 on research and de velopment into recombinant DNA applications with a commercial future real enough to have drawn huge interest over the last fortnight in an initial public offering on Wall Street's over-the-counter market of 2,5m shares - which look as though they may have been oversubscribed from London alone on the basis of an indicated price range of \$22-\$28 each. The risks, though, are equally real. Every prospectus carries a high-risk content health warning on its cover and a three-page warning

within.
There are admittedly a few risks associated with the company's exposure to industrial competitors, international patent law and Regula-tory agencies, Yet Biogen, already has a cash cushion of \$54.3m and brokers James Capel think pre-tax profits of \$20m might be achievable in 1987. But the company faces a complex and expensive programme now and then.

Most of the new issue's subscribers are not unreasonably taking comfort from Biogen's fast developing links with several major pharmaceutical companies. Licence sales in Japan seem inteoded, indeed, to finance much of Biogen's growth into leading integrated company in its own right in the West. Investors with one eye on this spectacular possibility, meanwhile, no doubt have the other trained on the less remote chemistry of the market for high-technology stocks.

# Investment trusts

The 214 per cent net asset value dend income. This leaves the comfor the 1977-82 period, should be pany so much more dependent on compared with a 181 per cent trading in the core retailing busi- growth for Pentland Investment

# How to make your first commodity speculation.

Provided it is recognised that there are high risks involved as well as colossal profit potential, there is a good case to be made for every established investor indulging in the occasional modest commodity speculation. But how?

Trading commodities direct can mean big problems for the private investor.

First he has to find a reliable broker who is prepared to handle a relatively small account.

Secondly, because he can only trade in 'whole' lots, he may find the cost of entry to the markets unacceptably high.

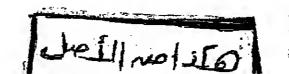
But worst of all he could find himself paying income tax of up to 75% on his profits.

The solution is I.G. Index. We are a highly specialised bookmaker and instead of trading in commodity futures direct, you simply bet that a particular commodity will move up or down in price.

Dealing with I.G. is simplicity itself; once you have opened an account, bets can be made by telephone. Bets of relatively small amounts are acceptable for which you put up only a 15% deposit. And most importantly because all transactions are wagers the profits are entirely free of all tax. No income tax. No Capital Gains Tax. No V.A.T.

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# SECTION II - INTERNATIONAL COMPANIES

# FINANCIALTIMES

Tuesday March 22 1983

W. German

tyre group

earnings

By John Davies in Frankfurt

In an interim report, Conti

Gummi said that it pushed up it

share of the highly competitive Eu-

ropean tyre market last year from

lts worldwide sales revenue from

tyres was unchanged at DM 2.2hn

(\$924m), but the company said this

cent higher if it were not for curren-

Group sales world-wide, includ-

12 to 13 per cent.



# Interest rate fall boosts Bayerische Vereinsbank lifts

BY STEWART FLEMING IN FRANKFURT

FALLING interest rates and a major improvement in foreign ex-change and securities trading inhave contributed to a sharp rise in the profits of the Bayerische Vereinsbank AG, the West German parent hank of the Bayerische Ver-

 $R_{ingle_{ij}}$ 

einsbank group. But hefty loan loss provisions and a downturn in mortgage banking operations have resulted in a more moderate profits increase in the group as a whole.

The parent bank, which has assets of DM 60.1bn (\$25bn) compared with assets of DM 105bn for the group as a whole, produced near record earnings, helped by falling interest rates. The parent bank's insigns and it is thus impossible to judge to what extent the increased provitives rates. terest income rose by 21 per cent to Banks also have the opportunity to DM 1.1bn and its commission in- add to loan loss reserves without come by 17.6 per cent to DM 193.9m. disclosing the figures in the balance Partial operating earnings, arrived sheet at after deducting the costs of conducting this business, were 59 per cent higher at DM 475m.

sored rescue package, has an-nounced a marketing link-up with Clark Equipment of the U.S. as part

of a plan to put the company back

conference that the company

planned to increase exports, parti-

cularly in traditional Richier mar-

kets in French-speaking Africa, led

and 1979 by motor giant Ford,

NOTICE OF REDEMPTION

To Holders of

**SUMITOMO METAL** 

INDUSTRIES, LTD.

6% CONVERTIBLE

OEBENTURES DUE MARCH 31, 1992

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gether with interest accrued to

11.965

Richler was owned between 1972

detailed figures for which are not revealed, resulted in an operating income increase of over 59 per cent. But the bank has heavily strengthwrite offs.

Published provisions and write offs, the bulk of which are related to domestic business and reflect in part the record bankruptcy figures in West Germany in 1982, soared from DM 85.8m to DM 228.5m. 1t has to be noted, however, that West German banks can postpone paying taxes on part of their income by adding heavily to loan loss reserves

In spite of these factors Dr Max Hackl, the bank's chief executive makes it clear that 1982 was an ex-

made a FFr 9m profit.

The return to the black followed

The company's affairs had been

two years of restructuring following

up by n FFr 78m government aid package – rescued the bulk of the 805 workforce from redundancy

M Poncin - whose principal com-

pany is the Ardennes Equipment group - said the two year finance plan for Richier would reduce the

RICHIER, France's second largest which then sold it to the French en-

construction equipment maker gineering company Sambron. It which has just been saved from bankruptcy by a government spon- FFr 400m (557.9m) last year and

M Gilles Poncin, the French in- in the hands of the courts since 1981

dustrialist who has just taken over and M Poocin's takeover - backed ownership of Richier, told a press up by n FFr 78m government ald

as a whole Bayerische Vereinsbank will have profited not only from widening interest margins as a resuit of n faster fall in financing costs than in lending charges. Fixed interest security dealing will also have been highly profitable in a period of falling interest rates. These factors and the promising outlook for 1983 help to explain the bank's decision to raise its dividend from DM 9 to DM 10 a share.

In the group as n whole, which includes mortgage bank subsidiaries and the bank's Luxembourg subsi-diary, profitability has declined, however. In the case of the mortgage banks, this reflects the con-tinuing impact of the high cost of funds in 1981 and 1982 on the financing costs of these subsidiaries.

The Lexembourg subsidiary has this year not distributed profits to the parent bank or stocked-up its open reserves, but instead applied

all its earnings to loan loss provi-A huge increase in securities and tremly good year for the bank. In sions and write-offs - main foreign exchange trading income. common with the banking industry sions against country risk. sions and write-offs - mainly provi-Richier in link-up with Clark

He said he bought the company

for n nominal FFr 1 but he and his associates are putting FFr 1m to-

wards the overall rescue package

from government financing organi-

Richier plans to boost turnover to FFr 450m this year and FFr 500m in

1984, with the export share of sales

envisaged at 50 per cent next year.

Clark, from June Richler will

distribute the U.S. company's earth

the Richier management team.

Under the marketing link up with

against 45 per cent at present.

sations and banks.

ing industrial products, edged up 0.6 per cent to DM 3.25bn. Continental has already indicated that it expects to omit a dividend for 1982 for the second year in succession. Dividand payments have been a rarity, with the 1980 payout the first since 1971.

Group pre-tax profit slumped in 1981 to DM 12.2m from DM 70.8m the previous year, because of weak markets and rising costs. Herr Wilhelm Schäfer, a manage-

ment board member, said that a major reason for last year's improvement was development of new winter tyres. Continental increased sales of these tyres in Germany this winter by 47 per cent.

### S. Pearson to Two previous Clark Equipment employees, Mr Charles Madding and M Roland Carlot, are joining buy U.S. leisure group

By William Hall in New York

S. PEÁRSON, the UK conglomerate, and e group of private inves-tors which includes Lazard Freres, has agreed in principle to acquire Cedar Point, a U.S. summer resort deal which values the company at 5144m.

Pearson already owns 25 per cent of Cedar Point's outstanding shares and Mr Robert L Munger, the chief executive who is a member of the investor group, controls another 9.6 per cent. There are 3.6m shares outstanding and, if the deal goes through, shareholders will receive \$40 per share in cash.

A special committee of independent directors has been appointed to review the transaction from the standpoint of all Cedar shareholders unaffiliated with the investor

Cedar Point operates two family amusement - recreation centres, in-cluding Cedar Point in Sandusky, Ohio, and Valley Fair in Minneapolis - St Paul.

# Banca Lavoro surges ahead

By John Phillips in Rome

BANCA Nazionale del Lavoro has underlined its position as Italy's largest bank by turning in a balance sheet total of L48,500hn (\$33.8hn) for 1982.

That figure represents an in crease of 21 per cent - a rather bet-ter showing by the government-con-trolled bank than the increase of some 13 per cent recorded in 1981 and in any case is comfortably above the average inflation rate of

last year of 18 per cent. The bank's domestic deposits rose by more than 25 per cent, the highest increase for the BNL in six years, which appears to indicate that the national trend for bank clients to move their savings from bank deposits to higher yielding short term Treasury Bills last year

may have been reversed. Net profits of some L20bn were virtually identical to those reported in 1981 and there will be no change

# Seagram down at midway

By Robert Gibbens in Montreal

tilling group, had lower earnings in the six mooths ended oo January 31, partly due to a lower contribu tion from its 21 per cent interest in Du Pont, the U.S. chemicals group. Seegram has changed its fiscal year end to January 31 from July 31

to harmonise with Du Pont's fiscal Six-month profits were S125.7m SEMICONDUCTOR GROUP TO PULL OUT OF MOS MANUFACTURE

# Fairchild closes chip plant

FAIRCHILD CAMERA and Instru-ment Corp, the grandfather of Silicon Valley's semiconductor industry, appears to be retreating from CONTINENTAL Gummi-Werke. the \$10bn market for metal oxide West Germany's leading tyre manu-facturer, has reported a slight imsemiconductor (MOS) integrated circuits which it belped to create.

Now a subsidiary of Schlumbergprovement in profit from its tyre operations and in its European mar- er, Fairchild, once the leader of the chip industry, appears to be trans-forming itself into a speciality "niche" supplier – much like the dozens of Silicon Valley start-up The company, however, does not expect to publish an exact profit figure for 1982 until May. Nor has it given any indication of results in its companies that have sprouted in industrial products division, where problems have led to restructuring.

the past three years.
The founders of many of Silicon Valley's major companies, including Intel, National Semiconductor, Signetics and Advanced Micro De-vices spun off from Fairchild about 15 years ago. At that time, Fairchild Semiconductor was regarded as the leading semiconductor manufacturer in the world.

would have been about 2 or 3 per Last week Fairchild told workers at its MOS division in San Jose, cy factors, which restrained the D-California, that the plant would be closing. Production of MOS memo-Mark value of sales in Britain and ry and logic devices is to be absorbed into other divisions, the company said.

The consolidation is widely seen as the first step towards a with-drawal from the MOS market. This would end Fairchild's history as a mainstream semiconductor manufacturer. The company is also be-lieved to be pulling back from the

all-important microprocessor field. Industry experts expect Fairchild to products which have been less than successful in the marketplace. Fairchild is, however, expected to continue to second-source other companies' microprocessor chips under li-

Fairchild has also announced that this summer it will close another semiconductor plant in Cali-fornia, making opto-electronic devices. Five years ago, Fairchild was a leader in this technology. Other Fairchild plants elsewhere in the U.S. are also widely rumoured to be destined for closure.

Fairchild's semiconductor business managers were "too busy" late last week to discuss the closure or any other aspect of their business, according to a company spokesman, who would confirm only that certain product lines were being relocated and that the MOS division

would no longer exist.

According to Schlumberger's financial reports, Fairchild has been losing money since it was bought by Schlumberger in 1979. Industry experts suggest the losses were over \$100m in 1982. Fairchild says now that its business is improving what. But there is no cause to predict an imminent end to the cur-

"In the past three years, Fair-

child's position as a leader in inte-grated circuit sales has steadily deriorated. Fairchild's fall from integrated circuit sales of \$450m in 1980 to forecast 1C revenues of \$360m in 1983 is indicative of the serious situation," comments Mr William Strauss, an industry analyst with an integrated circuits engineering

Financial analysts take n similar view of the outlook for Fairchild's onductor husiness. "I do not know whether Fairchild will be able to turn itself around," says Mr Daniel Klesken of Montgomery Securities. "Fairchild has been a source of good people, but they have all left over the past few years," he adds.

The analysts surmise that Fairchild is consolidating its business to cut losses. They seem to be trying to concentrate on the things they are good at," says Dr Klesken. Fair-child's older TTL (Transistor-Transistory Logic) products are believed to have been profitable last year, but TTL is an old technology that does not have the cost advantages of today's highly integrated circuit

designs.

Much of Fairchild's semiconductor product line is made using advanced hipolar technology. The world market for this type of chip is almost as hig as the MOS market. but it is steadily losing ground to the more popular MOS technology

used in high-density microproces sor and memory chips.
One hright spot for Fairchild is its new "gate array" design centre opened last year in California. The company has joined an estimated 45 start-up companies as well as the majors of the semiconductor industry in offering so-called semi-custom circuits, devices that can be

Over the past three years, Schlumberger is believed to have pumped over \$300m in research and development funding into Fairchild, but the parent company is now be-lieved to be cutting its spending

tailored to fit a customer's applica-

Schlumberger declines to make any comment upon its corporate goals for Fairchild. According to one executive who recently left Fairchild, capital investment from the parent company is now dependent upon meeting mutually agreed business goals. If a group does not meet its goals, then it does not get any money next year," he said.

Industry leaders who regard Fairchild as their "alma mater" in the semiconductor business are saddened by the decline of the company. Ten years ago Fairchild was the mecca for circuit design and technology. Today, that is no longer true," says the president of one Silicon Valley company - itself a Fairchild spin-off.

# Lufthansa advances

BY JAMES BUCHAN IN BONN

LUFTHANSA, the West German state-owned airline, increased its net profit sharply last year to DM 95m (\$39.9m) from DM 5.8m in 1981 and will pay out a DM 2.5 dividend on both its ordinary and preference

In 1981, a year marked by exceptionally high investments of DM 1.1hn, the airline paid no dividend on ordinary shares and DM 2.5 on

Herr Heinz Ruhnau, who took over as chief executive last year, results the airline said,

said in a radio interview at the weekend that the company had not been able to achieve growth in traffic as it had hoped. Passenger capacity use remained around the 1981 level of just under 60 per cent although freight carriage booked a

small increase. Lufthansa is in the process of selling six of its A-300 Airbus aircraft to make room for the more modern A-310 but the income from the sales had not affected the 1982

# Veba maintains payout

BY OUR FRANKFURT CORRESPONDENT

VEBA, the West Germany energy and chemicals group, has reported a setback in profits but is maintain-

ing its dividend.

Net profit for 1982 dropped 36 percept to DM 301m (\$126m), with stable earnings from electricity supply offset by problems in chemicals. plastics and oil.

Despite the lower result, the divi-Veba, the biggest industrial con-

interim report that sales revenue fell a marginal 0.2 per cent to DM

Electricity supply revenue in-creased by 8.8 per cent to DM 8.8hn as a result of price rises, but oil revenue was down 8.8 per cent to DM 11.8bn and chemical sales down 2.6 per cent to DM 6.3hn.

In trading and services, business dend is being held et 15 per cent for in Germany was stable but there were considerable setbacks abroad. The number of Veba's employees cern in West Germany, said in an was reduced 3 per ceot to 80,500.

This announcement appears as a matter of record only.

**NOVEMBER 1982** 

U.S. \$50,000,000

# The Connecticut Light and Power **Company**

Revolving Credit Facility

Arranged by

Credit Suisse First Boston Limited

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Banca Nazionale del Lavoro

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The Sumitomo Trust and Banking Co., Ltd.

Westdeutsche Landesbank Girozentrale

Agent Bank

Credit Suisse First Boston Limited

Holders of the above deben-tures should present and surren-der them for redemption on or after Murch 31, 1983, with all atter march 31, 1963, with all coupons appertaining thereto maturing after that date at the principal office of any of the following Paying Agents:

The Rank of Tokyo Trust
Company in New York
The Sumitana Bank Limited

The Sumitomo Bank, Limited The Sumitomo Bank, Limited in London

Deutsche Bank Aktiengesell-schaft in Frankfurt/Main The Bank of Tokyo, Ltd. in

The Bank of Tokyo, Ltd. in The Industrial Bank of Jepan. Limited in London Swiss Bank Corporation in

Bank of Tokyo (Luxembourg) Swiss Bank Corporation in

From and after March 31, 1983, interest on the debeotures so called for redemption will cease

called for redemption will cease to accrue.
HOLDERS OF DEBENTURES SO CALLED FOR REDEMPTION MAY CONTINUE TO CONVERT SUCH DEBENTURES INTO COMMON STOCK OF THE COMPANY BUT SUCH CONVERSION RIGHT WILL EXPIRE AT THE CLOSE OF BUSINESS ON MARCH 31. 1983. THE CURRENT CONVERSION PRICE AT WHICH SUCH DERENTURES MAY BE CONVERTED INTO COMMON STOCK IS YEN 139.80 PER SHARE OF COMMON STOCK.

SUMITOMO METAL INDUSTRIES, LTD. By: The Bank of Tokyo Trust Company as Trustee Dated: March 21, 1963

# Marine profit fall hits Norgas results

POORER RESULTS in some sec- which makes compressed air equiptors led to lower 1982 group profits for Norgas, the Norwegian industri-al concern with interests in pharm-Certain divisions earned more, however, and group turnover rose NKr 322m to NKr 1.7bn (\$23.6m), of which export sales accounted for 63

NOTICE IS HEREBY GIVEN, that Eighty Five Thousand Dollars 1385,0001 principal amount of the Debentures and bearing the following serial numbers, have been drawn for redemption for account of the Sinking Fund on March 31, 1983 at 100% of the principal amount thereof, together with interest account to dividend is proposed.

ment and heat pumps, recorded a loss of NKr 15m. These trends re-

Unitor's turnover grew last year by 35 per cent to NKr 693.5m, but most of the rise was due to acquisitions. The company bought two for-eign firms in 1982 - one in Canada making survival suits, and one in

dividend is proposed.

The group profit figure – NKr 94m, before taxes and end-year allocations – was 19 per cent down on a year earlier, mainly owing to a sharp fall in profits by Unitor Ships Service, in which Norgas has a 54 per cent stake. Norweld, a whollyowned welding company, also saw profite drop, and AMA, a subsidiary making survival suits, and one in Texas making fire-fighting gear. Profits before tax and end-year allocations were NKr 20.9m Norgas is one of nine Norwegian companies planning to set up e new company, Norexplor, which could become the fourth Norwegian group allowed to operate on Norparise planning to set up e new company, Norexplor, which could become the fourth Norwegian group allowed to operate on Norparise planning to set up e new companies planning to set up e new company.

al concern with interests in pharm. Hected the current slump in both accuticals, industrial gases, marine equipment and marine services.

per cent. An unchanged 15 per cent

# **IRELAND** U.S. \$100,000,000 Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 21st March, 1983 to 21st September, 1983, has been fixed at 93 per cent. per annum and that the coupon amount

payable on Coupon No. 3 will be U.S. \$4,983-33.

The Sumitomo Bank, Limited. Reference Agent

U.S. \$200,000,000

Incorporated in the Netherlands Antilles Guaranteed Floating Rate

22 March, 1983 to 22 June, 1983 the Notes will carry an interest rate of 911/16 per cent. per annum and interest payable on the relevant interest payment date 22 June, 1983 against Coupon No. 3 will be U.S. \$24.76 per U.S.\$1,000 note and U.S.\$247.57 per U.S.\$ 10,000 note.

Bankers Trust Overseas Finance N.V.

Subordinated Notes Due 1994 For the three months

SEAGRAM, the world's largest dis-

or \$1.39 a share, reflecting the re-cent three-for-one stock split, against 5165.9m or 51.67 a share a

in the dividend

By Morgan Guaranty Trust Company of New York, London Agent Bank

# Nedbank to pay interest on current accounts

By Bernard Simon in Joha

NEDBANK, South Africa's third largest banking group, will begin paying interest on current account balances for the first time tomorrow, and

Nedbank said it would pay 2 per cent a year on balances above R500 and rates of np to 5 per cent on larger amounts. The rates are slightly lower than those offered on savings

Competitive pressures are likely to force other banks. likely to force other banks, notably Barclays and Standard, the two largest groups, to follow Nedbank's lead. Within hours of Nedbank's announcement, Trust Bank said It would launch a similar scheme in May.

Nedbank's initiative is a direct result of the abolition last month of clearing bank's "register of co-operation."

"register of co-operation," a cartel which forbade members from paying interest on cheque deposits. One small bank was barred from join-

hank was barred from join-ing the banks' clearing house three years ago until it abandoued similar plans. It has come as no surprise that Nedbank was the first of South Africa's hig five to break ranks. It relies on cheque deposits for a far smaller proportion of its funds than the others. funds than the others.

Nedbank'a deposits consist of current accounts, compared to more than one-fifth in the case of Barclays and Standard, which have far higger branch networks and have that interest-free current balances were necessary to belp say far hranch

Mr Rob Ahrahamsen, Nedhank's managing director, said payment of interest on (\$18.3m) a year, roughly 15 per cent of its annual earn-ings. Nedbank has 220,000 current account holders.

# Harrisons Malaysian fall

By Our Knala Lumpur Correspondent

DESPITE higher crop ontput, trading results at Harrisons Malaysian Plantations for the nine months to December 1982 were down by 16 per cent to 47.4m ringgit (U.S.\$21m) because of

depressed commodity prices.
Income from investments
also fell from 18.3m to 12.3m
ringgit. Turnover fell by 3.6 per cent to 183m ringgit in taxes the net profit was 40.2m ringgit eempared with 50.4m ringgit previously.

An loterim dividend of 8 cents is declared, compared with 2.5 cents previously.
Following Malaysianisation
last year, Harrisous Malaysian Plantations is now a subsidiary of Permedalan Nasional the government in-

# TNT plans rationalisation after plunge in earnings

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THOMAS NATIONWIDE Transport (TNT), the Australiabased international transport group, saw a 37 per cent plunge in net profit for the six months to last December 31, from A\$40.6m to A\$25.4m.

Among factors cited by the group were the recession in world transport and higher interest costs, which in the sixmonth period grew from A\$19.7m to A\$25.4m.

Earnings per share fell from 27.8 cents to 12.7 cents, but the interim dividend has been maintained at 6 cents a share, and a final payout of 6 cents a THOMAS NATIONWIDE Trans- share is not in danger.

carrier owned in partnership with Mr Rupert Murdoch's News Group, was reduced from A\$19.1m to A\$9.8m.
In addition, TNT's extraordinary losses were A\$11.9m, against A\$3.2m previously, as a

result of its equity-accounted share of a A\$19.7m net currency loss sustained by Ansett on aircraft purchases.

Mr Fred Williams, TNF's chairman, said Ansett's net interim profit, before extraordinary items, was about A\$10m. a reduction on the pre vious period, because of a con-traction both in the business and personal travel sectors.

# Slower growth rate for Bahrain offshore banks

with 35 per cent a year earlier. Per cent of assets.

At the end of December Half of all OBU locally-incorporated banks, led by Arab Banking Corporation, Gulf International Bank and

the year-end assets. such as Bahrain Middle Fast Bank and Bahrain International

The Bahrain OBUs continued to channel funds from the region to the rest of the world. 67 per cent of total liabilities, 29 per cent) and three to six while loans to Arah countries months 14 per cent (liabilities (\$29bn) made up 49 per cent 15 per cent).

THE growth rate of Bahrain's of total assets. Western Enro-Offshore Banking market slowed pean countries accounted for 21 to 16 per cent in 1982, compared per cent of liabilities and 24

Half of all OBU assets and At the end of December consolidated assets of tha 72 51 per cent of liabilities were OBUs reporting to the Bahrain Monetary Agency (BMA) settled back to \$59bn, with placed with other OBUs exactly matched deposits taken, at 17 per cent. Transactions with non-bank customers represented 24 per cent of assets and 23 per Al-Baab, holding 30 per cent of cent of liabilities

The number of reporting market increased over the year OBUs increased by seven, the same as in 1981, but the 1982 cent of assets, and from 65 per additions included new banks cent to 69 per cent of liabilities, while regional currencies lost ground in percentaga terms. Bank, whose paid-in capital is Assets denominated in regional so far their major contribution currencies, of which the Sandi riyal is the most important, fell from 20.9 per cent to 18.3 per cent, and liabilities from 24.5 per cent to 22.5 per cent. The BMA's classification of maturities shows assets with

with net lending from Arah countries showing a 13 per cent increase over the year to \$10.5hn. Deposits from Arah countries (\$23.5hn) constituted months 22 per cent (liabilities months 22 per cent (liabilities)

### Mitsubishi Australia dips into the red

By Our Sydney Corres

DEPRESSED CONDITIONS in the Australian car market led Mitsubishi Motors Austra-(U.S.10.44m) last year, compared with a profit of A\$12m in 1981. This was, however, a better result than the A\$134.7m loss at competitor General Motors-Holden reported last week.

Interest charges at Mitsubishi last year were AS6.5m sgainst A\$1.9m previously and depre-ciation charges A\$16.2m against A\$9.7m. Sales were 7.7 per cent higher at A\$535m. No dividend will he paid. In 1981 the dividend was 7.5 cents a share.

Net earnings at Clyde Indus-

tries, the Australian engineering group, fell hy 23 per cent to A\$3,42m in the six months to December 31, altho record earnings were posted by its locomotvie interests. Despite the downturn a steady dividend of 5.625 cents a share is to be paid on capital increased hy a one-for-10 bonus issue, absorbing almost all of the per share earnings, whill fell from 9.9 cents to 5.7 cents.

# Promet dividend after advance

BY WONG SULONG IN KUALA LUMPUR

With good results for the second year running, the group is declaring, for the first time in many years, a final dividend of 4 cents on the paid-up capital of 207m ringgit.

Promet was formerly tha loss-making construction and engineering group, Bovis Southeast Asia, but since being taken over hy Mr Brian Chang of Singapore and Tan Sri Ibrahim Mohamed of Malaysia two years ago, it has emerged as one of the region's most aggressive companies.

The group's net profit was

PROMET, THE Malaysian- 46.5m ringgit, an improvement Singapore oil rig and property of 62 per cent. Turnover, how raised would be used to finance group, has posted an impressive ever, fell from 370m to 307m its involvement in oil explora-57 per cent rise in pre-tax ringgit. . tion activities in China, Indo-profits to 65.8m ringgit Directors say group turnover nesia and Malaysia. Through should improve this

analysts in Malaysia and

Singapore are projecting pre-tax earnings at hetween 75m and 100m ringgit for 1983. Promet has also announced that the Malaysian authorities have given approval for the group to issue 61.8m new shares of one ringgit each to be sold

at 2.92 ringgit each. Of these, 40.3m shares would be sold to the Kuwaiti Investment Office, the investment arm of the Kuwaiti Government, and the remaining 21m shares to Tan Sri Ibrahim. Promet's

months. Promet has committed itself to spending US\$160m over the next few years as part of its share in exploration activities in these countries.

Its involvement in explora-tion in China is proving to be very encouraging. Total Chine, in which Promet has a 10 per cent stake, announced recently that it has made a second of find in its concession in the Gulf of Beibu, with oil flowing at the rate of 8,650 barrels a day on its second well. How ever, further appraisal work would have to be carried out

# Saudi bank ahead despite rise in provisions

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

SAUDI International Bank, the consortium bank which is 50 per cent owned by the Saudi Arabian Monetary Agency (SAMA), saw a 63 per cent increase in its 1982 bad debt provisions, to £12.2m (\$18.2m).

After-tax and after-provision profits of £9.4m, up £1 per cent on 1981, were reported for the year.

The bank's provision for postical base to £142m to 1981.

The bank's provision for postical base to £142m to 1981.

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The bank's provision for postical base to £142m to 1981.

The bank's capital base to £142m to 2982.

The bank's provision for postical base to £142m to 1982.

The bank's provision for postical base to £142m to 1982.

The bank's provision for postical base to £142m to 1982.

The bank's provision for postical base, bringing its current level up to £144m. Its "problem area loans," mean-folio, around 46 per cent of tha commercial Bank.

\*\*March 1861\*\*

\*

# Salzgitter AG

DM 100,000,000 Term Loan

Arranged by

Gulf International Bank B.S.C.

Provided by

Gulf International Bank B.S.C. Alahli Bank of Kuwait K.S.C. **Arab Banking Corporation (ABC)** Bank of Bahrain and Kuwait B.S.C.

Gulf International Bank B.S.C.



# Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED

البثك السعودى العالمى المحدود

Extract from Consolidated Accounts at 31 December 1982

	1982 £'000	1981 £'000
Share Capital and Reserves	77,306	60,876
Subordinated Loans from Shareholders	49,481	31,347
Total Capital Funds	126,787	92,223
Deposit Liabilities	2,324,746	1,870,792
Loans	1,045,312	872,701
Total Assets	2,531,748	2,021,729
Operating Profit before Taxation and		
Provision for Possible Loan Losses	19,982	14,150
Profit after Taxation	9,430	7,200

Shareholders: Saudi Arabian Monetary Agency, National Commercial Bank (Saudi Arabia), Riyad Bank, Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Ltd., Banque Nationale de Paris, Deutsche Bank A.G., National Westminster Bank PLC and Union Bank of Switzerland.

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# When you're a commanding height in Dutch insurance there are still new peaks to conquer

In a remarkably short time Ennia has climbed up among the leaders in Dutch insurance.

We don't intend to just sit and admire the view. Sustained and balanced growth on an international basis has always been our objective.

It remains so for the future. International business already accounts for about 40% of total turnover, and at the end of 1981 we took another major step overseas by acquiring The National Old Line Insurance Company

of Little Rock, Arkansas, to spearhead our expansion in the USA.

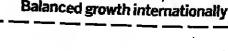
The acquisition of well-managed, profitable companies in carefully selected markets is an important part of our international expansion programme. We are also pursuing a policy of acquiring minority interests in profitable companies, such as Extendicare, the holding company of C: "In Life Insurance,

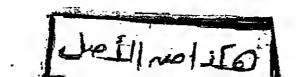
Toronto, in which we bought a 20% interest last year. In addition to our growing presence in North America, we have offices, subsidiaries and affiliates in Europe, the Middle East, the Caribbean and South-East Asia. The Ennia Group operates in three main areas: life assurance (53%), general and re-insurance (37%), and related sectors such as mortgages, property development and holiday centres (10%).

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# **TECHNOLOGY**

HOTTEST TOPIC IN SEMICONDUCTOR TECHNOLOGY

# Silicon compilers for auto-production

BY ALAN CANE

THE HOTTEST topic in semiconductor technology today is the "silicon compller"—a way of designing very complicated semiconductor chips automatic-

ally.

The lead in this new techrique comes, not mexpectedly, from "Silicon Valley" in the U.S. where a atart-up company, Silican Compllers has designed a highly integrated chip for use

in datacommunications.

What is less expected is that its lead in silicon compiling is sbared with Edinburgh University where a small group led by Peter Denyer has developed a silicon compiler which is as good as anything to come out of Silicon Valley. Better, some would say.

The principle of silicon com-

piling ia simple; the practice ia highly complex. It turns on the fact that it now costs hundreds of thausands of dollars to design a new VLSI (very large scale integrated silicon chip) work when actually fabricated, much af that investment is lost.

### Inadequate

"Soan we will be able to cram one millian companents on a single chip. Designing circuits of that degree at complexity is company, no matter how good process which connects all the difficult and getting it right or marketable its product idea, functians tagether in a unique first time even more so. The to fund the development of a circuit. techniques and tools we bave custom VLSI chip. been using for the past 10 years One approach cannot cope. They are simply inadequate."

How to design a chip automatically FULL CUSTOM

nuch af that investment is lost.

In fact, the high costs, long by another UK company, development timescales and Ferranti, where a variety of first time failures affset the electronic functions are laid advantages of custam LSI down an a chip hut the way the Soan we will be able to cram design. In particular, it is fre-chip performs is determined quently beyond the means of anly by a layer of metal applied the small or medium-sized at the end of the chip-making

One approach is the gate they made possible the Sinclair array-again, a technique which ZX81 and the BBC Microhas been fostered over the years computer amang ather products

-but for many purposes they are inflexible.

Silicon compiling takes the gate array approach to the next lagical level. Whole chunks of microelectronic circuitry already designed and tested are held in a software library. That means, as electronic signals in the memary af a powerful computer. Silicon compilation makes it possible for the designer simply to specify in a very high level (English-like) language what the chip is supposed to do.

At the press of a button, the computer sets about designing the new chip automatically using the tried and tested features from the library in its memory to build a chip that will do the job intended and work first time.

Camputer programs which design circuits automatically are nat all that new. What makes the silicon compiler special is its ablity to bandle simple high-level commands and the way it can alter the size and proportions of the circuit elements in its library to suit the chip under design. It will automatically take care, far example, af the number of binary digits the circuit is handling at any point.

Dr Denyer is careful not to claim special superiority for the Edinburgh compiler called FIRST, which is used to generate designs for aignal processing chips (these chips, used extensively in communications systema are very much a growth

market), but he does argue that Edinhurgh has exploited the principles of silicon compiling better than most.

Some critics argue for example that compiling wastes space on the chip. In a recent paper on FIRST he argued: "It is evident from the design plat that very little silicon area is wasted (we estimate 20-25 per cent typically) an interesting result for critics of automatic layout wha point to irre-sponsible use af silicon area".

Lattice Logic, a start-up semiconductor company based in Edinburgh is deriving the benefit of the university's com-piler work via the Walfson Microelectronics Institute, an interface between the univer-sity and Industry, where the director, Dr David Milne, is a staunch advocate far Scatland aa a centre af microelectronic excellence. "Now the tech-nique is proved we plan ta target ourselves at the small to medium company."

Why is the Inatitute facusing on signal processing? Dr Milne asya: "It is impossible to build a general silicoa compiler, so we choose an area where we already bad expertise and which was growing."

What next for Dr Denyer and his team? "Technology indpendence," Dr Denyer says. "Sa far our campiler wark has been tied to the nMOS (n channel metal oxide silicon) fahricatian rephysicus." technology at the five micron level."

**CASHLESS SYSTEMS** 

# Vending with a plastic card

BY GEOFFREY CHARLISH

ago in London has introduced a vending and catering machine that needs na cash but operates The machine has been developed in response to a demand for a salution ta the problem of cash handling—the metal has ta be removed from the machines and carried about and it is bound to constitute a accurity

risk. There is also the customer

ted coins. All that vanishes with a card, which is simply inserted and some buttons pressed to make a chaice of items on sale. When the card ia returned it wilt have been decremented by the amaunt of the purchase. The cards can be re-charged and Girovend has a self-service card loader operated by means of bank notes, colns or direct debiting af salary/wages eccounts.

For the owner/aperator of the system, Girovend believes

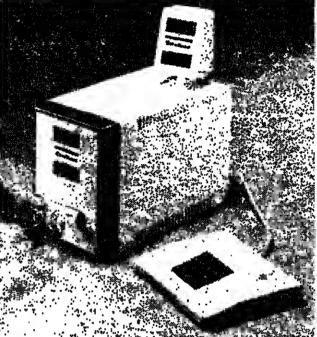
CIROVEND Casbless Systems access to goods and services if which was formed about a year he possesses a card.

EDITED BY ALAN CANE

Although there are many applications, ranging from vehicle refuelling ta pay TV, the company will concentrate initially on the botel, catering. leisure and vending markets where it already has first-band knowiedge. There has already been some

market experience in Germany (where the system was invented irritation of jammed or rejecby Hess Automation and Micro Datasystems). Apparently there has been a remarkable acceptance of the idea of direct salary debling. Far example, at DeulschBank three out of four employees have opted to have their salaries automatically debtted for purchases made with the CiroCards.

A further development is the GiroVend Till which might be tnstalled at say, the payment paiat of a staff restaurant. The assistant keys in the amount, the customer inserts his card there could be increased sales. and a debit will take place at Far example, in hotels the consumer cauld have 24 haur More an 01-283 6182.



The GlroVend mini-till daes not need cash just a plastic card

for Construction Dentistry

# Research on strength of materials

RESEARCHERS. jointly by the Science and (SERC) and the Department of Health and Social Security, will gather at Liverpool University on Thursday (March 24) to talk about artificial teeth.

Tapies ta be discussed and under research include ways of improving the strength of dental plates-breakages and subsequent ripairs are costing about £2m a year, according ta SERC—and the need to find reptacements for existing amalgams, work on polymer coatings ta prevent infection and decay and cheaper but effective alterna-tives to gold fillings and the use af more ecramic materials.

Dr D. F. Williams at the Dental Schoot of Liverpool University (051 709 0141) or of SERC's medical engineer-ing programme (0928 31511) have the detalls.

# Disk drives Winchester models

MICRO MEMORY SYSTEMS is launching the Disetron range at 51/4 inch Winchester fixed disk drives. Two models, the D-620 and D-640, will have capacities of 25.5 and 42.5 Mbytes, nuformatted, with an approximate according time of 40 ms. average access time of 40 ms. The company says that the

disk drives are Intended mainly for upgrading mini-fiappy disc based computers. Mare infarmation is available an 0635 40405.

**AUTOMATIC DETECTION OF THE FURNACE WORKPIECE** 

# Cambridge idea for heat treatment

it bas finished its beat treating and successful the standard of automatic detection of the commissioned in early summer.

The traditional method has a walking beam furnace which the furnace aperator appear through glass portholes measure for possible slab avering the furnace wall and make run.

The automatic detection of the commissioned in early summer. The system, which clearly has the furnace wall and make run.

The traditional method has a walking beam furnace which the furnace wall and make run.

The traditional method has a walking beam furnace which the furnace wall and make run.

The furnace wall and make run. ta peer through glass portholes in the furnace wall and make his own judgment. By and large the system worked in the attempts ta find a solution but steel industry, but there had

Although there are many

eventually turned to Cambridge Consultants for a few new ideas.

and the state of the control of the

come to the aid of Priest different types of furnaces and Furnaces af Middlesbrough an equal number of methods with a relatively simple device to solve the long standing problem of baw ta know exactly where a workpiece is within the furnace and when it bas finished its beat treatment process.

Although there are many after three months of design work the Cambridge campany through the furnace, this particular contract by Priest for a South African company Toe latter is naw building in really called far some method of automatic detection of the arrival af large steel slabs in The system, which clearly has a walking beam furnace which the rabust enough to with-

lasers and sends the beams across the furnace interiar ta the beam detection unit. The arrival of the steel slab is detected, simply, by its abstruction of the aptical patb between the twa units.

The detection unit bouses twa

independent optical detector sub-assemblies each detecting and monitoring one of the pro-jected beams. The separation of the beams is in the direction of the mavement af the steel slahs. Interruption of the first furnace, consists of twa separate aptical systems located each side af the furnace just upstream from the exit door, beam encountered indicates
A projection unit houses twa that the slab bas reached the

end point while the secand beam operates as a fail-safe function

Cambridge Consultants says that the modular conception allows easy and quick remaval and replacement af the lasers and since having completed the design far Priest has Identified several other possible applications where process cantrol in furnaces could be im-

proved.

The Cambridge company is at the Science Park, Miltan Road, Cambridge, (Gardan Petrie 0223 358855).

MAX COMMANDER

ADVERTISMENT

THE INTERNATIONAL EXHIBITION FOR TEST, MEASUREMENT AND CONTROL, AND FOR THE LABORATORY, JUNE 14-17 EARLS COURT LONDON

# **TECTRONICA 83: promoting** technology to the world

Brst British based International exhibition of laborstory instru-mentation, will be beld in Earls there is a laboratary application for research and development— Court, London, from 14-17 June inclusive, The arganisers, Industrial and Trade Fairs Ltd. the British Laboratory Ware Association, and Trideut International Exhibitions Ltd., have designed the exhibition to promate the latest developments in test, measurement and control systems and laboratory equipment and services, spanning a broad spectrum of disciplines, including science, medicine, education and

"Our surveys within the Europe, t industry, both at hame and is huge." industry, both at hame and abroad, revealed a need far a single, umbrells exhibition which afters the entire range of laboratory ware; an exhibition where visitars could discover how equipment designed far a purpose autside their field, would be useful in their own apeciality," said Mr Bob Field, Chairman of the BLWA exhibitian committee, tlan committee.

"We realised that Britain needed a single multifaceted show as an alternative to numerous smaller specialist shows. By bringing all the equipment nuder one roof at Earls Court, both suppliers and customers are spared the inconvenience and cost af having ta choose between duplicating many events ar missing some of the octian."

intended to parallel successful to be about 10 times the value exhibitions at ather European of Britain's with the U.S. marvenues: Medica (Dusseldarf), ket in the region of \$6,000m.

Analytica (Munich), salon du

British manufacturers

Laborataire (Paris) and Het especially the smaller apecialla Instruments (Amsterdam).

The major areas of technical interest covered by Tectronica Mr Tony Hall, Managing are medical electronics, Directar af Baird and Tatiock analytical and blochemical (London) Limited. "Exparts analytical and research instrumentation, micro reaconts, electronic measuring will provide many exciting and testing, sensors and back-up systems, measurement control systems and instrumentationthe latter three categories being featured mainly within the

TECTRONICA: 83, incorparating Labex; LabTechnolagy medicol, faod process and Transducer Tempcon, the cosmetics, gas petroleum, p cosmetics, gas petroleum, paint, polymers or farming—wbenever Tectronica will be displaying equipment relevant to the application," said ITF Exhibition Directar, Mr John Legate.

Ian Grey. - a research immunologist at Cuy'a Hospital, and member of the Institute of Science and Technalagy, said,
"It is entirely appropriate that Britain shauld have its own major and all-embracing laboratary equipment, test, measurement and control exhibition.
It is not merely a matter of matching the best shows in Europe, the market in Britain

Equipment manufacturers estimate that in the United Kingdom alane, the market for laboratory instrumentation is worth £250 millian a year. Fareign companies will be exhibiting their products at the show, and ITF expects many overseas buyers will visit Tectronica to take advantage of the apportunity ta view compare British and fareign

### Tapping vast export potential

Although the potential of the British market is inself a factor which is attracting British firms to exhibit at Tectronica, UK-based manufacturers are keen ta capture Although it is the first exhibition of its kind in markets. For the Western Britain. Tectronica 83 is European market is estimated "British manufacturers,

especially the smaller apeciallat firms, are hungry far a bite af the international market," said are a major part af our business appartunities. The flexibility af Tectronica allaws Baird and Tatlock to create the Image it desires to portray in an event that will attract a bigh valume, high quality visitor profile."



Sterilin—specially treated plastics containers and culture medin for cell biology; used in medical research and biotechnology.

### UK reputation for high standards

Standards for laboratory instrumentation vary from country to country, and British manufacturers hope to take advantage of their reputation for high standards and rigorous quatity control. When considering export markets, manufacturers need to design products which can be adapted to different standards and regulations. Major exhibitions like Tectronica, provide an oppor-tunity ta study how these abjectives are being achieved.

"International shows, enable us to pool ideas from numerous sources an how best ta approach the problem of varying "Today's users are tomor-standards," said Mr Frank raw's buyers," as ane manufac-Brawn of Tracor Europa, turer put it. 'It is never too Perhaps a more important insight into the best way to tackle the problem of uniform

internatianal standards." Many British manufacturers repart that any facility which aperates under direct Department of Health supervision is highly regarded in averseas markets. As one manufacturer put it: "An NHS stamp of approval works wonders in

Choosing the right time Many Tectronica exhibitars have asld that they feel the timing of the exhibitian is just right. They refer to a replace

ment cycle af seven ta 10 years far NHS laboratory equipment, which is about to enter a new pbase. Manufacturers are anticipating a possible flaad of new arders as the seven-year pent-up demand is released.

released.
On top of the natural replacement cycle, what mnst also be considered is the enormons "technology gap" which exists in certain sectors at the user market. Mncb high value equipment now in nse is two or three generatians behind products now available. A ow like Tectronica will therefore enable buyers to thoranghly acquaint themselves with the more accurate and time saving devices now on the

"The Tectronica exhibition is a perfect shop-window for NHS customers to familiarise them-selves with the latest equipment and ta hunt around for the best deals." said Michael Kreuzer, from Sterilin 'Shop Window' for technicians

"We need to stress, how-ever, that although the exhibition is a major boost to the manufacturing and supply side of the industry, its primary purpose is to act as a shop window for the industry's usera," soid BLWA arganiser. Bob Field.

"It is a show for everyone in the industry, from senior staff with huying responsibility, right through to student technicians. The people who work hardest in the laboratories are the people who should see the new equipment. They are the people wha will recognise immediately the tools which will save them time, save their organisation money, and free them to engage in other tasks," said Mr Field.

soon ta start getting the message across.

lasts far several days shauld help employers ta stagger timeaff far their laboratory staff to visit Earls Court," said Mr Field. "Junior staff could be

cncouraged to use the exhibi-tion as an oppartunity ta

become familiar with all the

latest developments relevant ta

their speciality. A report an valuable reference document their observations could be a for their senior colleagues." Transducer Tempcon

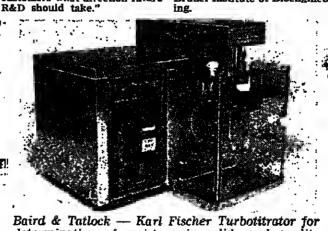
them. There may well be same

Three-part conference

The traditional media for exchanging infarmation are the trade and technical journals, and sporadic, amall exhibitions. But as ane manufacturer painted out, "There are so The ather side af this, said Mr Caverdale," is that visitars that visitars will be able to learn from discussians with a broad spectrum af suppliers exactly what aptians are available to But as ane manufacturer painted out, There are so many journals to read, you cannot possibly keep completely in touch; neither can you visit all the relevant specialist shows. Accarding to ITF and BLWA, Tectronica is intended

ta be an international farum for all aspects of the laboratory industry. "Not only a meet-ing place far cross-fertilisation of ideas between the various disciplines represented," sald Mike Coverdale, Publicity Manager for ITF, "Textronles is a forum for dialogue between the manufacturers and end-users. It is an event manufacturers will he able to meet a wide cross-section of users, to discuss their particular needs. It is an appar-tunity for manufacturers to learn direct from their customers what direction future

programme Seeing Tectronica as a com-Transducer Tempcon ference pragramme, and a aeries of popular lectures called the "Tectronica Papers." Amang the three tapical lectures which form the "Tectronica Papers," eminent scientist and television personatity Heinz Wolff, will speak on "Equipment for a Space Laboratory." Dr Wolff was recently appointed Director of Brunel Institute of Bloengineer-



determination of moisture in solids and quality

Sales enquiries on Tectronica '83 should be directed to Mrs Pat Foster or Colin Elliott, Sales Managers, Industrial and Trade Fairs Lid., Radellffe House, Blenbeim Court, Solihall, West Midlands

B91 2BG, Tel; 021-705 6707. Telex 337073. Visitar infarmatian may be

above oddress.

obtained from Mike Coverdale, Publicity Manager, Industrial

and Trade Fairs Ltd., at the

surprises: unforeseen applica-tians of equipment from a different field." The marriage af Tectronica seminars in tha USA the with Transducer Tempean— aeminar leader, supported by which retains its specialist experts, examining the subject identity as a abaw within a under review and freely shaw, baa created a truly inter-national exhibition for Test, Measurement and Control and

munications forum for the wbale industry, the organisers have also included a three-part exhibition within an "We feel that by having an exhibition within an exhibition we are achieving our objectives of providing a shaw which gives total coverage without obscur-ing the specialist identity of the various sectors," said Transducer Tempeon Director. Mr Gordon Johns.

> As its name implies, the Transducer Tempcon show will feature the latest advances in the technology of test, measurement and control, sensors and back-up systems. Transducer Tempcon will retain its own identity within Tectronica with access ta all viaitars and there ls free admission to the total

> A majar three-part con-ference, consisting of more than 80 lectures by bighly qualified specialists, will focus on the topics of temperature, measure-ment and control, transducer applications and instrument

### The Temperature conference

Twelve sessions dealing with the developments in temperature measurement and control have been planned by the conference chairman, Dr R. L. Rusby, of the National Physical Laboratory.

Tapics include: hat gaseous media measurements; thermistors and their applications; respanse times; thermal imaging; radiation thermometry; micrapracessars in temperature control; measurement with

# Two Day event

A two-day event on instrument practice, organised by the England Section of the Instrument Society of America, will be the first majar conference of its kind in the United King-dom. The format will fallow the successful ISA pattern of Tel. 0822 4671. Telex 45412,

aeminar leader, supported by experts, examining the subject under review exploring aud exploring audience views, questians, problems and reactions.

Sales engineering (Claude Palmer, Moore Products Ltd); Standarda (David Hart, W. S. Atkins): entrepreneurship and small businessea (Dr MacFarlanc, Beacon Instruments1: education and training (R. Dunn, Moore Products Limited).

### Transducers and their controls

Under the overall chairman-ship of Peter Mansfield (Derby Lonsdale College), the 14 sessions on transducer and back-up control systems cover sensor development, but also

Papers included in this section deal with applications in the aerospace industry (J. Chivers, Ralls-Royce Ltd); and sensor applications in transport industry. Si sessians are planned which will examine in-depth developments in the oil industry, in medical applications, in agriculture and horticulture (Mr S. Cox, NIAE). Martin Whitbread (Leeds Polytechnic) will also chair a aession featuring papers on microprocessar applications with demonstrations of vehicles featuring same of the innovatians under discussion.

Other sessions cover latest advances in the development of load and force measurement and eantrol (L. Dixon, Hottinger Baldwin Messtechnik); Silicon microtransducers: industry applications; optical fibre transducers (Dr D. Jackson, Kent University),

Full conference and exhibitian details are ovailable from Trident International Exhibitions Ltd., 21 Plymouth Road. Tavistock, Devon, PL19 8AU.

uer

# Morgan Grenfell £3m rise to record £13m

AFTER doubtful debt provisions, tax and transfer to inner reserves, profits at Morgan Grenfell Rioldings, London merchant bank, rose from £10.1m to a record £13.14m in 1982. A 1-for-3 scrip is proposed to raise share capital from £44.5m to £55m.

The total dividend is lifted 25 per cent from 5.6p to 7p net with a final of 4.15p (3.2p). There was also a 25 per cent increase in earnings per share, which were up from 29.8p to 37.3p.

The balance sheet shows shareholders' funds considerably bigher at £101.4m (£80.4m). Which includes £10m released from inner reserves.

Lord Catto, the chairman, asysthese "satisfactory" results have been achieved in a period of deep recession, both in the UK and throughout the world. He says the group, like many other international banking groups, has commitments to counstries experiencing difficult financial conditions.

Its exposure, which arises principally from activities in support of British exporters, is well spread and modest in amount. Nevertheless, he adds, the board thought it appropriate to take a prudent view of the value of certain loan assets, and

MCIS in gaining a number of important new clients, and this company is expected to make an increasing contribution to group profits in future years.

The Eurobond division enjoyed an active and successful year, managing or co-managing 66 public and privale issues. It has become increasingly prominent in North America, the most competitive sector of the international capital markets, managing 27 issues for U.S. and Canadian borrowers and acting as lead-manager for two major

Italian export credits funded in the euromarkets.

Morgan Grenfell's advisory morgan Grenieus auvisory
work for government agencies in
Africa, Latin America and the
Caribbean continued to flourish,
although the world-wide scarcity
of new capital peojects made the

of new capital peojects made the peoject advisory business extremely competitive.

For its overseas subsidiaries, 1982 was a period of generally satisfactory—in some cases, exceptional—progress and of consolidation and strengthening for the future.

canadian borrowers and acting as lead-manager for two major North American issuers.

The domestic banking division had another busy year, and once again set records of profitability. The division has also been active in leasing.

The group's treasury division took advantage of the reduction in interest rales, both in the UK and overseas. It continues to expand the range of companies and institutions with which it has a deposit and foreign exchange relationship.

In spite of difficult conditions, the international division had a successful year, both in lending and advisory activities. It continued to be active in export finance transactions and eurocurve reasons the arrangement of the year caused by the marked fall in Singapore stock market prices.

An important development in Australia was the agreement of senior executives of Bancorp Holdings to join Morgan Gren-

fell.

During the year, the group's Investment banking subsidiary in New York—Morgan Grenfell Incorporated—increased substantially its staff and resources to provide a wide range of financial

advisory services.

In the year under review, the group's total advances, loans and assets held for leasing increased assets beld for leasing increased from £757m 10 £980m, of which \$402m was represented by loans guaranteed by the Government—in 1981 the figure was £232m. Acceptance credits increased from £364m to £416m.

During 1982, balance sbeet footings rose 22 per cent to £2,6bm. Current assets at the year end were £1,19bm (1992,78m), and this includes

\$2.6bm. Current assets at the year end were £1.19bm (£992.78m), and this includes balances with bankers and money at call totalling £235.53m (£250.57m), bank certificates of deposit and bills discounted of £236.6m (£62.46m), and money at short notice of £243.47m (£389.41m). Other loans to banks and local Other loans to banks and local authorities rose from £240.02m to £411.58m.

### Wiljay slips in second JFB defers preference half: warns on outlook

ALTHOUGH 1982 pre-tax peofits against worldwide competition.
of Wiljay at £190,000 showed an
Turnover for 1982 expanded improvement over the previous year's deficit of £73,000 only £77,000 of the surplus came in the second six months.

No dramatic improvement is expected in trading circumstances and the directors warn that the group, a manufacturer of specialised air compression debit of £67,000. equipment, has to face the effect of retrenchment in the oil indus-

They say reduced demand for They say reduced demand for petroleum products and cutbacks by oil producing companies for new equipment will affect an important sector of Wiljay's business.

The group changed its name from Williams & James (Engineers) last July. It made pre-tax pcofits of £781,000 in 1978.

business.

It is pointed out that the short-fall will have to be made good by vigorous efforts to sell in other areas of the market. Although the group has a new product for the construction industry to exploit the directors say this alona will not provide the remedy.

They say success depends on the group's ability to demonstrate and take advantage of tha benefits of its other products balance.

benefits of its other products

Turnover for 1982 expanded from £5.96m to £6.99m. The taxable surplus included a loss by the associates of £4.000, compared with a peofit of £4.000 previously—last year's figures were also struck after an exceptional debit of £55.700

Basic earnings per 25p share emerged at 6.59p (8.18p loss) but a same-again final dividend of 1.25p bolds the net total at 2,405p.

# DIVIDENDS ANNOUNCED

Corre- Total sponding for t div. year Current of payment payment Ayer Hitam Tiu .....int 253 Morgan Grenfell ....... 4.15 Apr 27 3,75 3.75 1:25 2.41

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for acrip issue. †On capital increased by rights and/or acquisition issues. ‡USM Stock. § In Malaysian Sea, and subject to tax.

May 13

# payment

Johnson & Firth Brown, the Sheffield-based specialist engin-eering group, has deferred payment of the interim dividend due on March 31 on the 11.05 per cent cumulative convertible per cent cumulative convertible preference shares at a gross sav-ing of almost £400,000. The stock is convertible on February 28 in any year until 1986.

The board explained yesterday that "it considers it prudent at present to generate and conserve as much cash as possible in order to further the group's

Mr George Hardie, the finance director, stressed that "we must continue to harvest cash" and accordingly JFB bas set in train various measures which are designed to r size £5m.

Surplus land comprising 11 acres near Bradford, will be sold when, as seems likely planning permission is received, and an unused company house on the outskirts of Sheffield is also com-ing on the market.

The group, which is still looking to recruit a chief executive, made it plain that it was under no pr essure from its bankers but nevertheless regarded its gearing at 60 per cent as excessive given that the half share of recruits executive. of recently created Sbeffield Forgemasters special steels asso-ciate would not contribute sig-nificantly to income for at least

Name change Laganvale Estate bas changed its name to Regenterest.

# Walker Wingsail on verge of new funding package

Hampshire company which is developing sail systems to save fuel on modern cargo ships, is close to putting together a new funding package, which would involve a £150,000 Government grant and money from City institutions.

No figure is being put on the likely total, which could be several hundred thousand pounds, Prutec, the high technology venture funding subsidiary of Prudential Assurance, oas previously agreed to invest £120,000.

Reliable

**Properties** 

advances

Walker Wingsail Systems, the £200,000 has been spent on developing the Wingsail system. Mr Walker owns 70 per cent of the equity. About 30 other private investors are also in-volved. The late Mr Colin Chapman, founder of the Lotus car company, invested £10,000.

The Government grant would come from the Maritime Technical Committee of the Department of Industry. But the money, which would total about a third of total new funds, is dependent on the City mooey being raised first.

Walker Wingsail, founded by
45-year-old Mr John Walker.
bopes next year to bave a sail
80 save vessels between
10 and 30 per cent of fuel costs,
80 system on a small tanker in tha
80 Rowbotham Tankships fleet.
Sinco the late 1970s, nearly

# Cayzer shows progress and produces £1m

Cayzer, merchant banking subsidiary of Cayzer, Gartmore, reports a net profit for 1982 of £1.03m and an increase io sbare-bolders' funds to £11.56m against dealing roucern Reliable Properties advanced from £274,088 to £339,169 in the first half to the end of December 1982. £10.53m. This was Cavzer's first The interim dividend is being maintained at 1.25p net per 25p share — last year a total of 2.5p was naid. year with a new management team and reconstructed capital. Last year profits stood at £11,264.

# Currency fund launched by IBI

THE FIRST currency fund to be THE FIRST currency fund to be launched by an Irish financial institution was announced yesterday. It is the IBI International Currency Fund from the Investment Bank of Ireland (IBf), the merchant banking arm of the Bank of Ireland.

Application bas been made to the Stock Exchange for listing of the fund's shares in London and the Stock Exchange for listing of the fund's shares in London and Dublin. fBf is offering up to 50m participtaing redeemable preferences shares of U.S. 1 cent each. They are payable in full in five classes: D-mark at DM 40 per share, sterling at £10; U.S. dollar at \$20; Yen at Y4,000 and the managed fund at £10. No dividends are paid and gains are rolled up into re-investments. rolled up into re-investments. A minimum application of 500 sbares for the currency shares costs £5,000 and for the managed fund the minimum is 100 shares

costing £1,000.

The offer opens today and closes 3 pm on March 25. Applications for shares cannot be made in Irisb pounds.

Some f4m has already been committed to the fund, which is incorporated in the Cayman Islands. Monies will be invested mainly in deposit and money market instruments with not more than six months to

Management charges total Management charges total
1‡ per cent a year, with no entry
or conversion charges.
After the initial offer closes
further shares will be available
Mr John Conway, investment
manager of IBI Dublin said
yesterday that bis company had
some \$1bn currently undar
management, of which soma
\$0 per cent was pension fund
business.

comment

Having, it would seem, waited to see if the Chancellor did anything about roll-up funds in his Budget, investment Bank of Ireland bas launched its fund in a week when the European currencles are in disarray. The latter situation only serves to underline the present voiatility of currencies on which such funds thrive. As to tha Budget, no mention of income tax on locome rolled up into capital gains is taken as good news. Giveo that the fund is to invest io major currencies it is comlocome rolled up into capital gains is taken as good news.

Giveo that the fund is to invest io major curreccies it is comparable to existing funds and like them, assessment of it comes down to the proven skills of the managemeot and the fees charged. For track record IBI points, in particular, to its Britisb and Overseas upit trust which bas shown 54 per cent growth in 15 mooths mainly by adopting suitable currency exposure tha company claim. However, though a simple single management charge is made to the formula of the single management charge is made to find dividend of 4.2 per cent to growth in 15 mooths mainly by adopting suitable currency exposure tha company claim. However, though a simple single management charge is made

# Grindlays Bank 1983 outlook

Mr Nigel Robson, the chalrman of Grindlays Bank, tells mem-bers in his annual statement that durnig 1983 the bank will continue to aim for the right blend of profitable activities. He says any increase in world trade would be belpful to its prosperity and notes that its captal ratios are now comfort-ably within the guidelines that apply to banks operating in this

apply to banks operating in this country.

Mr Robson warns that the economic and political difficulties which dominated the international financial scene during 1982 may continue for some time.

He points out, bowever, that it is encouraging that attempts to find solutions to some of the financial peoblems have produced new procedures that are already making an important contribution towards stabilising the international financial system.

antil 1884.

provement much in evidence
As reported on March 2 pretax profits of Grindlays Bank,
which is 51 per cent owned by
mancial institutions in the
public sector and by commercial
banks in the private sector.

The chairman rommenta thai
for those who bave advocated
for a number of years that there
should be closer working
arrangements between the world
banking institutions in Washing

RESULTS

As reported on March 2 pretax profits of Grindlays Bank,
which is 51 per cent owned by
Grindlays Holdings and 48 per
(£34.54m) for 1982 after providing £25.9m (£5.78m) for doubtfor a number of years that there
should be closer working
arrangements between the world
banking institutions in Washing

RESULTS

clol banks the procedures are "welcome progress."
He says international trade is going through troubled times ond that there are no gizek or easy solutions. He adds that although the economic politics of other major industrial nations can make an influential contribution the medicine for world recovery must largely be provided by the economy of the U.S. because of its importance in relation to the world as a whole.

Shareholders are told that much depends on the correct

shareholders are told that much depends on the correct speed and underlying attention or an improved trend in the economy of the U.S.

The chairman expects 1983 to be another dicult year for most of the world with no notable injuntil 1984.

making 52.25m (£1.5m); directors propose acrip leaus of £2m,

WAVERLEY CAMERON (atationery maoulacturer)—Dividand 3.75p net (same) for 1882. Turnovar £2.7m £2.63m). Group trading profit £73,665 (£141,213). Tax £8.867 (£22.104), leauling £84,796 (£119,109). Stetad earnings por 25p share 6.45p (12,14p).

PROVIDENT FINANCIAL GROUP (personal credit lacilities)—Results for 1932 reported March 9. Bhareholders' lunde £39.58m (£38.81m); fixed assets £12.02m (£14.03m); nat current ussets £12.02m (£14.03m); nat current assets £12.02m (£14.03m); nat person (£30.000. Chairman asys that early is 1982 the former joint managing director, Mr Alen £dger decided to leave on medical aduce ter 17 years, Mr Bitian Smith left his post as £4.2m of the first of the 13. agon. KODE INTERNATIONAL (electronic

Net profits on the sale of properties rose from £340,020 to £378,874 and net peoperty income receivabla moved ahead to £244,483 compared with £139,611.

The changes that have takee management charge is made place in Cayzer resulted from a confusing mix including front end charges, the rate of 1½ per cent per annum puts it at the expensive and of £1244,483 compared with £139,611.

The changes that have takee management charge is made place in Cayzer resulted from a confusing mix including front end charges, the rate of 1½ per cent per annum puts it at the expensive and of £12,7305 (£1,47m). Mosting: Cayzer resources to finantial from a confusing mix including front end charges, the rate of 1½ per cent per annum mani. It said it was and authority assets £217,305 (£1,47m). Mosting: Cayzer resulted from a confusing mix including front end charges, the rate of 1½ per cent per annum mani. It said it was and authority assets £217,305 (£1,47m). Mosting: Cayzer resulted from a confusing mix including front end charges, the rate of 1½ per cent per annum mani. It said it was and authority assets £217,305 (£1,47m). Mosting: not to lat foreiga banka in at present.

Cayzer resulted from a confusing mix including front end charges, the rate of 1½ per cent per annum mani. It said it was and authority assets £217,305 (£1,47m). Mosting: not to lat foreiga banka in at present.

PRELLI UK (subsidiary of Società pirolli SA of Switzerland)—Turnover lor 1982 £141.04m (£105.56m); net interest payable £2.35m (£1.65m); pre-las profits £8.77m (£7.65m); tax profits £8.77m (£7.65m); tax profits £8.18m); final diuldand £1.5m abling £8.12m); final diuldand £1.5m apointed. They intend to permit the company to continue tredling and sell £8.25m (£1.5m); directors propose acrip leaus of £2m.

SAATCHI AND SAATCHI COMPANY (odvertising agency)—Results for year to September 30, 1982, and prospects raported December 10. Group fixed assets £31.78m (£9.51m). Net current easets £4.66m (£2.06m). Shereholders funds £33.53m (£3.04m). Highest paid director received £130.676 (£72,770). Meeting, Claridgas Hotel, W. April 5. noon.

W, April 5, noon,

MOSEM GROUP (home improvement products)—Results for 16 months anded Recember 31, 1982, reported March 11 with prospects, Group fixed assets £4,56m (£2,86m), Net current liabilities £0.54m (£1,11ro), Shera-holders' lunds £3,57m (£57,000), Reduction in neal benk borrowings £2,95m (£2,75m), Meoting, Manchester, April 7, bi 11 sm.

ALEXANDERS HOLDINGS (Ford maia dealer)—Results for yeer to September

dealer)—Results for year to September 30 1962 reported February 16. Group abareholders' funds £5.79m (£6.38m). Fixed essets £6.8m (£7.22m). Net current liebilities £148,000 (£7.62,000 assets). Decrease in working capital £380,000 (£1.12m), Meeting: Edinburgh, April B, noon.

April B, noon.

BRITISH AMERICAN AND GENERAL
TRUST—Results for 1982 already
known, investments £49.3m (£37.29m);
not curreat liabilities £4.92m (£1.38m);
shereholders funds £43.42m (£34.91m).
Magetind, 20.7eriphintob Street, £C, on
April 2 at 12.45 nmp.
GENERAL FUNDS INVESTMENT
TRUST—Results for year to January
16 1983 already known, investments
(listed on stock exchanges all merket



# THE FRIZZELL GROUP LIMITED

# 'Group profits continue to advance'

reports Colin Frizzell, Chairman, in his statement with the Report and Accounts for the year to 31 December, 1982.

A further increase in group profits to £3,442,000 was achieved

 Earnings per share rose from 8.7p to 9.7p, dividends increased from 2.75p per share to 3.00p per share for the year. In the UK Broking Division the

life and pensions activity produced very satisfactory results. UK commercial has been undergoing a continuous re-organisation and rationalisation to provide an ongoing efficient service to clients. Satisfactory progress was achieved in contractors insurance and professional indemnity.

The Motor and General Division experienced a continuation of the intense market pressure noted last year and its results must be considered satisfactory. A general improvement is hoped for in 1983.



Shawlands Securities (credit finance) again produced excellent results with a 21% increase over

Profits from International Broking activities declined on last year as was projected. Two new specialised insurance broking ventures were commenced in the vear, Frizzell Insurance Services and Frizzell Livestock.

 A number of exciting new ventures are currently under review and specialist teams of the right calibre are continuously This coupled with the steady and

sought to join the group. successful expansion of existing activities make me confident about the Group's future.

Copies of the Report and Accounts are available from The Secretary.

The Frizzell Group Limited

Registered Office: Frizzell House, 14-22 Elder Street, London E1 6DF.

"The presence of Grindlays Bank Group in many developing countries enables it, with direct knowledge and long experience, to provide a specialist service to customers in more developed countries. Finance of international trade in its widest sense. whether capital projects or consumer goods. has always been a substantial part of the business of this group and will continue to be so."

> Nigel Robson, Chairman of Grindlays Bank. in his statement for 1982.

# Grindlays in 1982

- Capital resources increased by 50% to over £290 million
- Operating earnings for 1982, before substantially higher debt provisions and tax, were £55 million (1981 £40.3 million)
- Net profit for 1982 (including special transactions) was £22.7 million (1981 £10.3 million)
- Treasury business achieved excellent results in all sectors

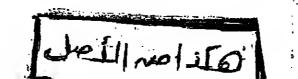
another successful year

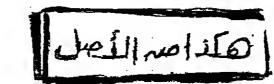
 India has again been an important source of earnings for the Group Our Personal Banking activities in London and around the world have had



Head Office: 23 Fenchurch Street, London EC3P 3ED. Tel: 01-626 0545. Telex: 865043/6 GRNDLY G.

Australia - Austria Bahomes Bahrain Bangladech Bozzil Canada · Colombia · England





OUNTS IN 8

Financial Times Tuesday March 22 1983

# **UK COMPANY NEWS**

# Home Charm sales well up this year

SALES SO far this year at Home Charm are well up on the previous term and show a satisfactory trend, says the chairman Mr H. E. Fogel, in his annual statement.

while he believes that the home improvement and DIY business in the UK has become one of the more competitive of the retail sectors, he remains consident that the group will continue to hold a premier position

tinue to hold a premier position therein.

With the economic ontlook still uncertain, Mr Fogel feels it would he unwise to make any predictions for the current year. But he feels sure the group has the ability to continue to trade successfully Reflecting the higgest changes in the group since it went public in November 1972, the balance sheet has altered considerably from that of 1981. Mr Fogel says fixed essets have risen from £13.37m to £25.54m and the hank overdraft required for the acquisition of the Sankey Homecentre: business was eliminated just prior to the balance sheet date.

**BOARD MEETINGS** FUTURE DATES

The following companies have notified dates of board meetings to the âtock facthange. Such meetings are usually hald for the purpose of considering dividends. Official indications are not available as to whether the dividends are interies of finals and the aubdivisions shown below are based mainly on less year's timateble.

TODAY
interime—A & O Seturity Electronics,
Curton, Paterson Zochonis, Paschey
Proparty, Ricardo Comsuting Engineers.
Finals.—Bren! Chemicals International, Equity and Law Life Assurance
Society, Gos! Petreleum, Smith and
Nophew, Stag Fumiture, Standard
Chartared Benk, Watmoughs, Willia
Feber

(£14.82m) of which shareholders' interests accounted for £14.48m (£11.82m).

Mr Fogel recalls that the purchase of the Sankey business resulted in an immediate increase of 60 per cent in the group's selling area. By the end of the year all but three of the Sankey stores had been converted into Texas Homecare, and there are now 25 stores trading the ther six stores were opened during the year, including the two uncompleted in the Sankey purchase.

The High Street atores were sold or closed because they no tonger fitted into the enlarged group following the enormous amount of hard tonger fitted into the enlarged group following the enormous amount of hard work and effective effort that has group following the mainly trades through large edge-of-town and out-of-town retail warehouses.

At the end of the year the group had 1.8m sq ft of selling decrease in net liquid funds of except the stores are now entering continnes to seek sites of 30,000

The stores are now entering continues to seek sites of 30,000

and there is proposed a 2-for1 scription.

Mr Fogel says the result has been achieved in a highly competitive market and after financing a major acquisition.

The figures are due mainly to the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard work and effective effort that has group following the enormous amount of hard the enormous amount of hard work and effective effort that has group following a major acquisition.

The figures are due mainly to the enormous amount of hard work and effective e sneet has altered considerably from that of 1981. Mr Fogel says fixed assets have risen from £13.37m to £25.54m and the hank overdraft required for the acquisition of the Sankey Homecentre; business was eliminated just prior to the balance sheet after the prior to the balance sheet after that forms and been conducte.

This has been achieved by raising additional mortgage frunds (up from £3m to £5.57m), the disposal of the smaller High Street stores, and from general cash flow throughout the year.

Funds employed were £20.15m

The stores are now entering compared to the stores are now entering compared to the sankey stores had been conducted in the sankey business resulted in an immediate in the sankey stores had been conducted in the sankey business of the Sankey business resulted in an immediate in the sankey stores had been conducted in the sankey stores had been conducte

opening in the current year.

Since the end of the year the group has bongbt two parcels of land for £3.5m to develop two Texas Homecare superstores Interiors:
Bailey (Ben] Construction ..... Mer 30
Ingsil Industries ...... Apr 5
Wastminator and Country Props Mer 25
Finals—
A.C. Cera ..... Mer 31
Alpina Holdings ..... Mer 25 plus two further units for letting. Building costs are estimated to be some £4.5m over the next 13 months, and it is intended that the developments Alpina Holdinga Mar 25
American Trust Mer 29
Assoc. Book Publishers Mar 30
Sant of Scotland Apr 19
Bruntons (Musselburgh) Aor 26
Garton Engineering Mer 24
Good Relationa Mer 28
Grampian Holdings Mer 24
Grovebell Mar 23

intended that the developments will be funded by institutions in due course.

As reported on March 15, the year ended January 1 1963 was a record for the group, with sales rising from £73.84m to £106.05m and profits before tax from £2.81m to £3.22m. The dividend is stepped np to 4p (3p) and there is proposed a 2-for-1 scrip Issue. scrip issue.

Mr Fogel says the result has

# S. American side checks B.Cal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

earned £1,54m before tax, against a loss of £6.2m in the previous

British Caledonian itself incurred a loss of £855,000, but this represented a substantial improvement over the loss of £7.9m in the previous year.
Both the group as a whole, and the airline itself, are forecasting profits in the current year, according to Sir Adam Thomson the chairman

The cost to the airline was a loss of net earnings of some f6m—"the difference between the loss of £655,000 and a reasonable profit," said Sir. Adam. "And, of course, the continued non-operation of the South American services affects BCal's Presenting the annual report and accounts at the group's Crawley, Sussex, headquarters yesterday, Sir Adam said that the profit was insubstantial as a return on investment or as a per-centage of turnover.

"But at least it is a profit, in

return on investment or as a per-centage of turnover, "But at least it is a profit, in a year in widespread losses Government was "bailing out" throughout the international air transport industry, including owned carrier had incurred

A PROFIT has been made by the Caledonian Aviation Group. which includes British Caledonian Airways together with helicopter, travel and aviation engineering companies. In the year ended October 31 last it sharing scheme.

British Airways' massive deficit losses that would put a private company out of business, "then heling groomed to appear financially attractive to investors, without any consideration what ever being given to the effect of this action on B.Cal." without any consideration whatever being given to the effect of this action on B.Cal."

Sir Adam said that British
Caledonian would have been in profit had it not been for the Falkland Islands war, with its resulting loss of air services to Argentina, and tha subsequent suspension of operations to Chile, Peru and Ecuador—routes which it had been hoped originally would contribute substantial revenue throughout the year.

The cost to the airline was a this action on B.Cal."

He said that B.Cal's own forecasts could unt be tabulated without taking into account the Government's policy to sell British Airways.

"B.Cal does not, of course, oppose the principle of privatisation, but we bave put forward the view that the State corporation should be either whotly privatised or remain nation-

"Any move to offer 50 per cent of its sbareholding for private sale will be cushioned by the Government support on which British Alrways has been so vitally dependent.

Sir John King, chairman of British Airways, said later: "Sir Adam is taiking a laad of rub-

"British Airways is paying its

27/28 Lovat Lane London EC3R 8EB

# Frizzell Group moves ahead to £3.44m

A rise of 9 per cent in profits before tax bas been shown hy The Frizzell Group, insurance broker, for 1982. The surplus was up from £3.16m to £3.44m. The net dividend of this close

company la increased from 2.75p to 3p, with earnings given as 9.7p—up from 8.7p. The company's shares are not quoted. Mr Colin Frizzeli, chairman, save that he was pleased with the profit given all the circumstances of 182. As expected, trading profit has declined, but an imprevement in investment income helped considerably,

The life and pension activity produced satisfactory results, says Mr Frizzell. The UK commercial division underwent a re-organisation, in 1983 the group will revert to the previous prac-tice of separating these two functions into Norman Frizzell Life and Pensions and Norman Frizzell UK.

way, that is all there is to it. Sir Adam may bave a lot of problems with his own airline, but it is no good him running around worrying about British Airways."

In contractors' insurance there was satisfactory progress and Norman Frizzell Professional Indemnity increased profits by 38 per cent despite failing market rates.

Telephone 01-621 1212

# NatWest Registrars Department

National Westminster Bank PLC has been appointed Registrar of

# A. G. Stanley Holdings p.l.c.

All documents for registration and correspondence should in future be sent to:

National Westminster Bank PLC . Registrar's Department PO Box No 82 37 Broad Street . Bristol BS99 7NH

Telephone Bristol (STD Code 0272) Register enquiries 290711 Other matters 263000

# And the state of the second control of M. J. H. Nightingale & Co. Ltd.

							P/I	Ė
1982-					Gross	Ylold		Fully
High L	OW	Company	Price	Change			Actual	
142 1	20	Ass. Brit. Ind. Ord		- 2	84	4.7	a.0	10.5
158 1	17	Ass. Brit, Ind. CULS	153	- 1	10.0	6.5	-	-
74	57	Airsprung Group	64	_	6.1	9.5	7.3	12.5
46	34	Armiteas & Rhodes	34	_	4.3	12.6	4.8	6.7
307 1	97	Bardon Hall	307	_	11.4	3.7	12.9	18 2
	00	CCL 11pc Conv. Pref	135	_	15.7	11.6	-	_
270 2	10	Cindico Group	210	_	17.5	8.4	_	_
	52	Deborat Services	52	_	8.0	11.5	3.4	a.3
	77	Frenk Horsell	874	Ξ	_	_	7.3	7.8
		Frank Horsell Pr Ord 87	86	_	8.7	1 <b>a</b> t	3.6	10.2
	61	Frederick Parker	63×d	- 4	7.1	11.3	3.9	6.3
55	34	George Bisir	34	_	_	_	5.9	12.3
	74	Ind, Precision Castings	80	+ 1	7.3	9.1	10.3	12.9
158 1	00	Isia Conv. Pref	158	_	15.7	8.4	-	_
143 .	54	Jackson Group	143	_	7.5	5.2	4.4	a.1
	11	James Zurrough	197	+ 1	9.5	4.9	14.4	18.0
260 t	50	Robert Jonkins	150	_	20.0	t3.3	1.8	23.8
	54	Scruttone "A"	73		5.7	7.8	9.5	11.4
197 1	12	Torday & Carlisle	114	Ξ	11.4	100	5.1	8.8
29	21	Unitock Holdings	25	_	0.48	1.5	_	_
	66	Weiter Alexander	66	_	6.4	9.7	4.7	5.a
	14	W. S. Vertes	264	_	17.1	6.5	4.1	a.4
		Proces now evallable		etel na	- 4814	ra.		
		Prices now available	on Pri	1818¢ pa;	4814	ю.		



# Tokyo Pacific Holdings N.V.

Curação, Netherlanda Antilles

**Annual General Meeting of Shereholders** 

Notice is hereby given that the Annual General Meeting of Shareholders of Tokyo Pacific Holdings N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at John B. Gorskraweg 6, Willemstad, Curação, Netherlands Antilles on 14th April, 1983, at 10.30 a.m.

- To consider the Report of the Management of the Company on the business and the conduct of its affairs during the fiscal year ended \$1st December, 1982.
- To consider and, if thought fit, approve the Statement of Assets and Liabilities as of 31st December, 1982, the Statement of Sources of Net Assets as of 31st December, 1982 and the Profit and Loss Account for the fiscal year ended 31st December, 1982, as audited by the independent Accountants of the
- 3. To declare a cash dividend of US\$ 0.75 per Ordinary Share of the Company.
- 4. To re-elect the Manager of the Company.
- 5. To elect the Supervisory Board.
- To ratify, confirm and approve the acts of the Management and the Supervisory Board since the last Annual General Meeting of Shareholders of the Company of 25th March, 1982.

The items for consideration have been recommended by the Supervisory Board for shareholders approved. Details may be obtained from the offices of the Company at John B. Gorsinaweg 6, Willemstad, Cureçao, of from the Paying Agents listed hereunder. Shareholders will be admitted to the Meeting on presentation of their certificates or of vouchers, which may be obtained from any of the Paying Agents.

Market and the second property of the contract of the contract

Willemstad, Curação, 22nd March, 1983. Intimie Management Company N.V.

l'Européenne de Banque 21 Rue Laffitte, Paris 9 Trinkaya & Burkhard Konigsaliee 21-23, D 4000 Dusseldorf.1

National Westminster Bank Limited Stock Office Services 5th Ficor, Drapers Gardens London EC2P 2ES

Sal. Oppenheim jr. & Cle. Unter Sachsenhausen 4, 5 Köln

# Tokyo Pacific Holdings (Seaboard) N.V.

**Curação, Netherlands Antilles** 

**Annual General Meeting of Shareholders** 

Notice is hereby given that the Annual General Meeting of Shareholders of Tokyo Pacific Holdings (Seaboard) N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take glace at John B. Gorsiraweg 6, Wilternstad, Curação, Netherlands Antilles on 14th April, 1983, at 10.00 a.m.

- To consider the Report of the Management of the Company on the business and the conduct of its affairs during the fiscal year ended 31st December, 1982.
- To consider and, if thought fit, approve the Statement of Assets and Liabilities as of 31st December, 1982, the Statement of Sources of Net Assets as of 31st December, 1982 and the Profit and Loss Account for the fiscal year ended 31st December 1982, as audited by the Independent Accountants of the
- To declare a dividend of US\$ 0.545 per Ordinary Share of the Company.
- 4. To re-elect the Manager of the Company.
- 5. To elect the Supervisory Board.
- To ratify, confirm and approve the acts of the Management and the Supervisory Board since the lest Annual General Meeting of the Shareholders of the Company on 25th March, 1982.

The items for consideration have been recommended by the Supervisory Board for shareholders approval. Details may be obtained from the offices of the Company at John B. Gorstraweg 6, Willemstad, Curação, or from the Paying Agents listed hereunder. Shareholders will be admitted to the Meeting on presentation of their certificates or of vouchers, which may be obtained from any of the Paying Agents.

Witiemstad, Curação, 22nd March, 1983. Intimis Management Company N.V.

Pierson, Heldring & Pierson N.V. Herengracht 214, 1016 BS Amsterdam

que de Peris et des Peys-Bas

Banque de Peris et des Pays-Bas pour le Grand-Duché de Luxembo 10s Boulevard Royal, Luxembourg

Honal Westminster Bank Limited Stock Office Services 5th Floor, Drapers Gardens 12 Throgmorton Avenue London EC2P 2ES

Banque de Paris et des Pays-Bas Belgique S.A. Boulevard Emile Jacqmam 162, 8 1000 Bruxelles

# (facorporated in the Republic of South Africa) "A significant improvement in domestic and overseas markets cannot be expected

From the review by the Chairman, Mr. W.G. Boustred

before the second half of 1983"

Fottowing the merger and related transactions between Anglo American Industrial Corporation (AMIC) and De Beers Industrial Corporation, Highveld became a subsidiary of AMIC in January 1982 and as a result the group's year end was ebanged from June 30 to December 31.

The period under review deals with the 18 month period from July 1 1981 to December 31 1982.

The corporation's consolidated profit before providing for tax and minority interests for the 13 mooth period was R95 137 000. After providing R23 132 000 for tax and after deducting minority interests of R2 935 000 the attributable profit was R69 070 000. On an annualised basis this is equivalent to a reduction of five per cost on the previous year's earnlogs of R48 704 000. The attributable profit for the period was achieved after providing net interest charges of R15 320 000 and depreciation of R35 905 000.

The results are based on the LIFO method of accounting for raw materials, manufactured stocks and work in progress. As a result of the lorge stocks of semi-finished and finished products the charge of R12 587 000 for the period was much higher than in Previous years, raising the cumulative LIFO charge to date to R16 044 000.

As intimated in the second interim report, a final dividend of 22 cents a sbare has been declared, which is equal to the final dividend declared for the financial year ended June 30 1981. The total dividend for the 18 month period is 49 cents a abare which, on an annualised basis, is equivalent to 32; cents a share compared with the 32 cents a share declared for the previous year.

The amount transferred to the group's deferred tax peovision now totals R108.7 million and this should ensure that the charge for tax in later years does not obsorb a disproportionale omount of the income earned in those years.

There was no charge for normal tax due to the bigh level of capital expenditure. A total of R200 943 000 was expended, of which R98 355 000 was spent on the expansion of the iron making capacity. At the end of the period the capital expenditure commitment had reduced to R47 628 000 compared with R116 852 000 at the end of the previous year. The remaining capital expenditure commitment is related almost entirely to ancillary equipment associated with the hot strip mill.

The tucoover for the group was R\$36 318 000 which on an annualised basis shows a seven per cent increase on the R\$32 967 000 recorded in the previous year. Export earnings at R\$242 056 000 were at a record level and showed a 46 per cent increase oo the R110 386 000 earned last year op an annualised basis. During the first 12 months of the period under review.

Highveld's steel exports showed satisfactory profit margins. As the period progressed steel export dollar prices came under increasing pressure due to intense competition and the strengthening of the dollar against most other

Highveld's total tomoge of steel sales showed a drop of four per cent on the previous 18 month period due to a reduction in domestic sales of 14 per cent. The tonnaga sold in export markets represented 34 per cent of total steel sales compared with 26 per cent in the previous 18 month period.

For the first time since the Highveld Iron and steel works was commissioned In 1968, it became necessary to cut production. This was due to the adverse market conditions in the final quarter of the financial period. In November 1982 two iron furnaces were taken out of operation, effectively reducing steel capacity to 67 per cent. It was also necessary to reduce the number of operating shifts on the mills and further cut-backs may be necessary in 1983 unless there is an improvement in the market place.

# VANADIUM

World-wide vanadium consumption beld up reasonably well during the first 12 months of the 18 month period, but from mid-1982 there was a progressive deterioration in con-sumption. This was associated with the substantial fall-off io steel production and a dramatic drop in the production of "oil country goods" seamless tubes.

The present free world production capacity is about 109 million pounds of vanadium pentoxide a year. During the period under review the vanadium pentoxide facilities the period under review the vanadium pentoxide facilities in Australia and Norway and one of the American planta ceosed production and the lorgest Finnish plant is due to close down in April 1983. Most of the other producers operated below capacity and as a result free world vanadium pentoxide production in 1982 was estimated to be 85 million pounds. In addition to this it is estimated that community China moved about 10 million pounds into Western markets are in the latest that the community of the community o Western markets. Against this availability of 85 million pounds of vanadium pentoxide it would appear that coosumption in 1982 dropped below 75 million pounds. As a result of this vanadium raw material oversupply, prices came under pressure and by the end of 1982 the free market price of vanadium pentoxide had halved and was well below the cost of production for most producers.

Free world pri	nary vanadium	penloxide p	rodnetion				
	Million lb vanodium pentoxide per annum						
	Estimated production 1982	Present capacity	Present and planned capacity				
South Africa	45	58	68				
North America	28	39	46				
Europe	10	10	3				
Others	2	2	15				
Total	85	109	132				

As a result of these market conditions, the group did not sell its entire output of vanadum-bearing slag and production was reduced in the final quarter by 33 per cent. The Vantra division continued to operate only one roasting unit out of eight, which situation has prevailed aince October 1980.

# BAND CARBIDE

The first six months' operation of the financial period was highly satisfactory and the plant operated at capacity. However, as the crisis in the world steet industry deepened, the market for all ferro-alloya deteriorated. Rand Carbide was affected not only directly but also indirectly through Its sales of metallurgical char and Soderberg electrode paste to the southern Africao ferro-alloy industry. By the end of the period the production of all the division's products was well below capacity.

The plant operated at full capacity for the first six months of the period under review and export sales of manganese ferro-atloys were satisfactory. From January 1982 export sales progressively weakened, in terms of both price and volume, necessitating production cut-backs and the last quarter of the financial period only one furnace was in operation.

In June 1982 No. 6 furnace, a new 22 MVA smetter for the production of sitteomanganese, was commissioned at a capital cost of R11 million.

Until the middle of 1982 the shortage of skilled labnur continued to be one of the major problems on the South African labour scene. Black apprenticeships continued to develop and, of the 300 apprentices employed in the group, 41 are black. The acceptance of these black apprentices in the work place during their "on the job" training has been most encouraging. From mid-1982 the skilled labour shortage has eased and aritsan turnover has shown a significant drop. The group will continue to recruit and train apprentices despite the economic down-turn as it is expected that when the economy recovers skilled labour will again be in short supply.

Before the middle of 1983 SEIFSA witl open the first Metal Industries Apprentice Training Centre at Benoni at a cost of approximately R3 million. The centre will irain 200 apprentices of all race groups and the apprentices will be indentured by smoller and medium sized companies in

The question of rentralised bergaining versus plant level bargaining has been the subject of nuch debate throughout the year. The National Industriol Council for the Steel and Eogineering Industries has remained the cornerstone of collective bargaining in the metal Industries. Four black trade unions are parties in the Council, two of the long-standing members of the Council have opened their ranks to black members and a third trade union will should be some Criffe annihulate to come union will shortly do the same, SEIFSA continues to com-municate with the non-party unions and a number of meetings have been beld throughout the year with representa-tives of these unions to ensure that their leaders are fully informed on the industrial council system. As a result of this intensive communication, the non-party unions in volved in the metal industries are showing much less oppo-sition to the industrial council system and it is to be hoped that these unions will eventually join the Council and participate fully in the bargaining process for the

In October 1982 more than 1,200 employees were retrenched as a result of the production cut-backs men-tioned earlier in the review. The retrenchment was based on the principle of last-in, first-out, redundancy payments were made and the group helped a number of those retrenched obtain employment with other organisations in the Witbank area.

During the past 12 months there have once again been major increases in the main elements of the group's cost structure: power increased by 30 per cent, iabour by 17.5 per cent, raw materials varied between 13 and 15 per cent e by an average of 12 per cent. Against this back ground it is pleasing to report that steelworks costs rose by only 12 per cent mainly due to improved efficiencies in by only 12 per cent mainly due to improved efficiencles in the steel plant related particularly to refractory and yield savings arising from the use of larger ladles and a consequential larger cast size. This increase in the cost of producing steel was offset by the October 1 1982 increase in domestic steel price, which averaged 12.5 per cent for the group's peculiar range. Of great concern, however, are the substantial increases in power and rallage costs that have already been introduced early in 1983.

The dramatic growth in the South African ferro-alloy industry took place in the early 1970s and during the past 10 years the increase in power costs has been such that the competitiveness of the South African ferro-alloy industry in international markets has been seriously affected. This increase in power costs has more than offset the savings from the improved efficiencies that have resulted from the application of higher sections with the property in forms allow architectures. application of higher technology in ferro-alloy production.

In November 1981 the boord approved expenditure of R60 million for the Installation of a reversing but strip mill in the iron and steel works. Compared with aimilar facilities in the world steel industry, the mill was hot commissioned in record time at the end of November 1982 and will be in full operation by April 1983. Additional capital expenditure of R16 million has alnce been approved to cover the installation of temper colling and sheet cutting

The erection of the first furnace and three pre-reduction kilns to the second iron plant continued on schedule and the units will be ready for commissioning by April 1983. However, in view of the current market conditions the plant will peohably not he brought into operation until

# OUTLOOK

The group started the new financial year with the weakest order book in its history, both in terms of local and export sales. As a result operations are at their lowest levels since the early 1970s. Domestic demand for the group's products is expected to remain weak and in the overseas markets a significant improvement cannot be expected before the second balf of 1983. Inflation in the expected before the second baif of 1983. Inflation in the major cost elements mentioned earlier and the possibility, despite the recent change in exchange control policy, of a strengthening of the rand, will have an odverse impact on the competitiveness of the group's products in overseas markets. As the year progresses the product from the atrip mill will bave a beneficial effect on group results as it will allow increased participation in the domestic market. It is expected that the group will remain profitable but earnings per share will show a substantial decrease. GENERAL

Mr H. F. Oppenhelmer retired from the board on December 31 1982. Mr. Oppenhelmer was the first chairman of Highveld Steel and Vanadium Corporation and it was his "act of faith" that enabled the Highveld project to proceed, notwithstanding the great rlaks involved. His contribution to the group bas been incalculable and his constant support and enthusiasm will be greatly missed. However, I am canfident that in spite of the difficult times that lie ahead in the short term, the managing director and bis colleagues will ensure that Highveld remaina profitable and that once trading conditions improve, as is inevitable, Highveld will resume the remarkable record of growth that bas been achieved to date.

Mr. N. F. Oppenheimer joined the board on January 1 1983 and I am very pleased to welcome him, as I om sure that he will make an important contribution to Highweld. Dr W. B. Coetzer has decided not to offer himself for re-election to the board and so he will retire at the annual general meeting. Dr Coetzer has served on the board since 1967 and I would like to record my appreciation of his contribution to the affairs of the group over many years.

The full text of Mr Boustred's statement and the annual report for the year ended December 31 1982 are obtainable from Consolidated Share Registrars, 62 Morshall Street, Johannesburg, 2001.

The numual general meeting of members will be held at 44 Main Street, Johannesburg, on Friday, April 29 1983, at 12h00.

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# Return of the Sons of Gwalia

THE new gold rusb in the Eastern Goldfields region of Western Australia whieb is turning up gold deposits previously hidden from the old prospectors by an overburden of soil and weathered rock, bas now opened up a new lease of life for the old Sons of Gwalia mine.

The more recently formed Australian company. Sons of Gwalia, inlends to re-treal the old mine's lailings (we'le) dumps to recover their remaining gold; to investigate the possibility of an open-cut mining operation on part of the same to look into the prospects of a partial resumption of underground mining.

For this purpose the company is making a A\$2.5m (£1.46m) public offer of 10m shares at par, or 25 cents (about 15p). Half of them will be offered on a first refusal basis to the vendors. The issue is being underwritten in Australia by slockbrokers Benney Partners and in London by Charlton Seal Dimmock, The new shares will raise the issued capital to 22m shares.

The Sons of Gwalia story began in 1896 with the discovery of gold at Mt Leonora by three

property: and to look into the prospects of a partial resumption of underground mining.

For this purpose the company is making a AS2.5m (£1.46m) is making a AS2.5m (£1.46m) of public offer of 10m shares at partor, or 25 cents (about 15p). Half of them will be offered on a first refusal basis to the vendors. The issue is being underwritten in Australia by stockbrokers Benney Partners and in London by Charlton Seal Dimmock, The capital to 22m shares.

The Sons of Gwalia story of gold at Mt Leonora by the discovery of gold at Mt Leonora by the prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospectors who were financed by Tommy Toblas, a Welsb storekeeper. The Sons of Gwalia story of gold at Mt Leonora by three prospector

# South African gold output set to decline

THE LATEST reports from South Africa's influential Chamber of Mines suggest that the country's gold output could revert this year to the long-term trend of decline, in contrast to 1985% and the long-term trend of decline, in contrast to 1985% and the long-term trend of decline, in contrast to 1985% and the long-term trend of decline, in contrast to 1985% and the long-term trend of decline, in contrast to 1985% and the long-term trend of decline, in contrast to 1985% and the long-term trend of the lon

riend of decline, in contrast to 1982's year-on-year rise.

The chamber expects that a higher average price this year will lead to the mining of lower-grade ores. While this will ensure the fuller exploitation of the country's gold reserves. It will probably also lead to lower production than 1982's 664.2 lonnes. lonnes

South Africa's gold output reached a peak of over 1,000 tonnes in 1970, but has fallen sleadily over the past few years to just 650 tonnes in 1981, the lowest figure for more than 20 years.

The lower average price during 1982 led to increased milling rates and thus higher production, but the Chamber believes this year's output is unlikely to be above last year's and could be lower.

Operating costs are expected to rise steeply in 1863, partly as a result of sharp increases in rail and power charges. South Africa's gold production rose in the month of February to 1,789,976 oz. against January's 1,767,218 oz.

The latest figure is higher than the 1,704,339 oz produced in February last year, and brings the cumulative total for the first two months of 1983 to 3,567,192 oz. compared with 3,587,283 oz the translation of 1983 to 3,567,192 oz. at the same stage of 1982.

### **AECI LIMITED**

(incorporated in the Republic of South Africa)

### 59TH ANNUAL REPORT YEAR ENDED 31 DECEMBER 1982 CHAIRMAN'S STATEMENT

The year under review proved to be a difficult one for South African industry as a whole and consequently, after e period of five years of steady growth in earnings, the AECI Group results for 1982 were lass favourable than those echieved in 1981. Turnover for 1982 totalled R1550.4 million, Turnover for 1982 totalled R1550.4 million, an increase of R83.4 million (6 per cent) over 1981. Export sales included in the above amounted to R83.1 million (1981 R65.0 million). Net trading Income for the year at R221.0 million was, however, 8 per cent below that for 1981 and eernings per share for 1982 at 89.2 cents were 13 per cenc lower than the corresponding figure for 1981. The ordinary dividend for the year has been maintained at S5 cents per share but dividend covet hes fallen from 1.9 to but dividend covet hes fallen from 1.9 to

1.6.
The return on assets calculated on en historie cost basis reduced from 17,1 per cent in 1981 to 13.5 per cent in 1982, Expressed in current cost accounting terms these figures were 6.8 per cent and 4.9 per cent respectively. Dividend covet in current cost accounting terms reduced from 1.4 in 1981

Equity accounting principles were applied for the first time in preparing the financial statements in 1982 and the comparative figures for previous years have been restated

The fall in profits and earnings resulted mainly from the lower volume of sales which, in turn, reflected the downturn in

which, in turn, reflected the downturn in economic activity.
Whereas domestic sales volumes in the Republic for the first half of 1982 fell by 3 pet cent compared with the first helf of 1981, those for tha full year were 6 per cent lower end for the fourth quarter showed a reduction of almost 12 per cent ower the corresponding period of 1981. These figures cleerly illustrate the extent to which the downturn in the economy which the downturn in the economy accelerated during the latter months of the yeer and, in the case of the AECI Group. the edverse effect of this downcurn was exacerbated by the serious drought con-ditions which prevailed in the northern parts of the country. It is relavant to note that sales of agricultural fertilizers during the fourth quarter of 1982, the traditional fartilizer season, were 30 per cent below the corresponding figure for 1981. The chamical industry is, by its very neture, voluma sensi-tive and the level of plant occupacity is e critical factor in so far as profits are con-cerned. Thus the loss of volume referred to ebove had serious consequences for profits it egainst this, it is pleasing to report thet further productivity improvements were achieved end major plents in the Group opersted more efficiently end rallebly then 1981. I am particularly pleased to report that the No 4 Ammonia plent et Modder-

In 1982 the Mankwe factory at Mogwase in Bophuthetswana was opened by His Excel-lency President Lutas Mangope. This factory is now producing end selling high quality explosives end ectassories to the mining explosives end eccassories to the mining industry. During the year the new linear low density polyathylene plant at Sasolburg and a new carbide furnace at Ballengeich near Newcastle were brought into operation. A further cyanide plant, also situated at Sasolburg, was sanctioned and is under construction. Major projects under investigation include a chlor-alkali plant at Richards Bay in association with the Mondi Peper Com-pany Limited, e sode ash plant also at Richards Bay in conjunction with the Indus-trial Development Corporation of South Africa Limited and e plant et Bellville so produce stabilised polyester filament yains for industrial use. In addition, the righta

and the economics of substantially expanding its small output at an early date ere being ment work in the field of elternative fuels and chemical feedstocks is deelt with the Meneging Director's review of opera-ons. The interest that has been displayed by the Honourable Minister of Minerals and Energy Affairs in regard to the work that AECI has done on the development of an alternative fuel for use in conventionel diesel engines is encouraging and the Group remeins

to mine salt et Commissioner's Pen in the north-western Cape were recently acquired

I have referred above to the very significant fall in the volume of production and sales and, while in part this reflects the falling level of activity in the aconomy, the abnormally high level of imports of chemicals, plastics raw materials and finished products as well as textile fabrics and garmenta, in reletion to the size of the South African market, has also been a major factor. Much of this meterial has been acquired at abnormally low prices against the back-ground of discressed economies prevailing abroad where, almost without exception, the major ehemical groups have been reporting

disastrous results.

In recent times a good deal of attention has been given in the country to a "free merket" epproach as a sound basis for developing our affairs and it has gained favour also in relation to fighting the problem of infection. Curbing inflation is certainly the number one task in the country at present, but I would question the long term wisdom of doing so in such a way as to risk important sections of South Africa's secondary and tertiary industry thereby secondary and tertiary industry thereby prejudicing the ability to create the employ-ment opportunities which are so necessary in the light of the country's rapidly growing populetion. I am not an advocate of protecting Inefficient Industries but if measures to protect the South African chemical

industry egainst disruptive compexition in the form of discressed price products from the United States, Europe and the Pacific Basin ere inedequete, then, at the vary least, Basin ere inedequete, then, at the vary least, we must recognise that the further investment of money in high capital, high risk chemical plants will have to receive more then usuel scrutiny. I believe the South African chemical industry is efficiant, makas e mejor contribution to the economy and affords a measure of strategic indapandent. Our merket is small by world standerds however, end our chemicals plenta on the whole ere also smell, with e consequence thet unit costs in many instancas ere appreciably higher than those for equivalent plants in the United States, Europe and the Pecific Basin. For these reasons end also because we are far removed from mejor because we are far removed from import world markets, we cannot, in many instances, look so be export effective. It is difficult to reconcile the "free market" doctrine with other stated policies of the South African Govarnment, notably import substitution, strategic self-sufficiency (with particular reference to alternative sources of fuel and chamical faedstocks) and, more recently, regional development. Over the past decade the AECI Group has invested approximetely R1000 million in capital projects, most of which have been embarked upon with not only the support but the active encouragement of the authorities and, where necessary, with protection either in the form of import tariffs or import control. The "free merket" approach implies less protection and, no doubt under pressure from the GATT, Govarnment has already stated its intention to abolish completely ell forms of import control end to base pro-tection solely on import tariffs. Import con-trol hes been a mejor factor behind the rapid axpansion of the South African Industry in the past two decades end its total ebolition is likely to result in considerable hardship to many sectors of industry, unless tariff rotection is both adequate and timeous tharefore remains a matter of concern that, notwithstanding the pleas of meny leading South African businessmen over of years, adequete proceduras for expeditiously evaluating and adjudicating on eppli-cations for tariff protection in the rapidly changing business environment of todey have

yet to be introduced.

The world economy on which our own so closely depends, is showing only maggre signs of recovery, and evan when cyclical forces reassert themselves, it seems probable that tha world will still be facad with structural changes which mey call for con-siderable adjustment. In view of this, the organisationel chenges to which reference organizations changing Director's review of operations are particularly apposite since they will undoubtedly rasult in e stronger end more market-oriented Group, better able to respond so the needs of customers in e rapidly changing anvironment. AECI remains financially sound, with a debt/equity ratio of 46 per cent end with plant occupacity in most erees well below rated capacity. Thus it is well placed to take

edvantage of en upturn in the economy as end when this occurs.

In June 1982 Sir Keith Acutt, who was appointed e director in 1970, resigned from the Board. We shell miss his wise counsel would like to wish him every happiness

In his retirement.

In February 1983 Mr W 8 M Duncan, who joined the Board as Deputy Chairman in 1979, resigned in view of his Impending retirement from Imperial Chemical Industries retirement from Imperial Chemical Industries PLC, which he has served for 41 years, in order to take up en appointment as Chairman of Rolls Royce Engines PLC. It was particulerly pleasing to be able to congratulate Mr Duntan on being ereeted a Knight Bachelor in tha New Year's Honours List, e well deserved accolade. We shall elso miss his Important contribution and In particular the knowledge and experience of the international chemical business which he has been able to Impart to us. May I wish him every success in the challenging assignment which he is to undertake. which he is to undertake.

At the annuel general meeting hald on 10 June 1982 Mr H F Oppenheimer informed June 1982 Mr H F Oppenheimer informed shareholders that be would not be seeking re-election as Cheirman of the Company and that he intended resigning from the Board. At a Board meeting held immediataly efter the general meeting I was elected Chairman to replece him. For more than 50 years AECI has had an Oppenheimer as its Chairman. Sir Ernest Oppenheimer was Chairmen from January 1931 until his death in November 1957 and chereafter his son. Mr H F from January 1931 until his death in November 1957 and thereafter his son, Mr H F Oppenheimer, who occupied the chair for almost 25 years, having been appointed to the Board in 1944. It would be quite impossible for me adequately to pay tribute not only so the contribution which he has mede to the affairs of AECI but to the South African economy in ganeral. He will be missed by his colleagues on the AECI Board for his wisdom and exceptional business judgement and also for his grace and charm at all times. I would like to wish him and Mrs Oppenheimer much happiness him and Mrs Oppenhelmer much happiness in the less active role which they are planning to pley in the future.

planning to pley in the future.

I would like to welcome to the Board Messrs N F Oppenheimer, W G Boustred and R I Lindsell and also extend my congratulations to Mr A W Clementa on his appointment as Deputy Chairman.

In conclusion, my thanks to the Managing Director, Mr Denys Mervin end the managament and the first the welcome and the Group, for ment end staff throughout the Group for their efforts during what has clearly been a most difficult year.

G W H Relly

Johannesburg 10 March 1983

# Greenvale forced to cut nickel output by half

for 1982.

Greenvale, in which Australia's the grounds that a cut in proMetals Exploration and FreeportMcMoRan of the U.S. each hold
50 per cent, lost A\$24.7m
(£14.3m) In the six months to

Metals Ex added that production would be increased when

end-December.

Mr Thomas Webb, chairman of Metals Ex, said that Greenvale produced 22,033 tonnes of nickel and 1,173 tonnes of cobalt in the 12 months to for which information is avail-able.

These arrangements were finalised last week, along with support from lenders to the venture and the Queensland ASISm.

world nickel market has forced the Greenvale joint venture in Queensland to cut this year's sure from its principal customers planned output to half the level for 1982.

# Ayer Hitam sharp fall after first six months

This produced earnings of 25 tents a share, against 48 cents last time, and the interim dividend is reduced to 25 cents from 50 cents. Tin concentrate production fell

the average price received was MS29.19 per kilogramme com-pared with MS34.97.

by one-third and sales were down by more than balf, while

Tongkah Harbons Tin Dredging, also did poorly on its tin mining operations in the same period. Tongkah Harbour's share of the losses of its tin-producing associate, based in Thailand, totalled MS149,000 against a profit in the first half of the

down by more than balf, while the average price received was MS29.19 per kilogramme compared with MS34.97.

Output was lower because The company reported a small net profit of MS18.000 after improved interest receipts but no dividend is declared in view of the problems in Thailand.

LOWER tin concentrate output and depressed metal prices brought about a sharp fall in first-half profits at Ayer Hitam had to close its No. 2 dredge on August 18 as a consequence of the export controls imposed under the sixth International Tin Agreement.

Another Malaysian company, Tongkah Harbont Tin Dredging, also did poorly on its tin mining from MS2.95m.

previous year of M\$35,000.



# Distributive Industry Training Board

(D.I.T.B.) In accordance with The Industrial Training (Distributive Board) (Revocation) Order 1982 No. 775 the Board will be wound up on 30th March 1983 and on that date the remaining assets will be transferred to the Manpower Services Commission ("M.S.C.") who have the duty to apply them for the purpose of encouraging training for employment [SI 1982/775, 2(4)].

The following is an extract from the Receipts and Payments

1992/7/5. (141).

The following is an extract from the Receipts and Payments count for 9 months to 31st December 1992 together with estimated cripts and Payments for 3 months to 30th March 1983 and estimated ets and liabilities as at that date, which have been reported on by

	Actual 9 Months Ended 31st December 1902	Estimated 3 Months Ending Just March 1983	Estimated Assets and Linbsirties at 30th March 1983
Balance brought forward Receipts	17,412 3,628	£ (000°s) 7,645 1,247	( joors)
	21,040	8,892	
Payments	13,395	4,138	
Balance carried forward Cash balance to M.S.C.	7,645	4,754	4,754
Amounts receivable			76
Amounts payable			4,830 1,500
Estimated nei cash surplus to be utilised by M.S.C.			3,330

# CREST NICHOLSON

The holding company with interests in property, optical products, conveying systems, sports surfaces and marine services

# **Continued Progress in 1982**

1981	1982	Increase
£54,068,000	£56,858,000	5%
6,324,000	6,724,000	<b>6%</b>
8.76p	10.15p	16%
2.85p	3.15p	11%
	£54,068,000 6,324,000 8.76p	£54,068,000 £56,858,000 6,324,000 6,724,000 8.76p 10.15p

- Increase in profits for the eighth consecutive year
- Recent acquisition of the Greenwood Group of Companies
- Further growth expected this year

Accounts available from the Secretary. Crest House, 91-97 Church Road, Ashford, Middlesex TW15 2NH

# Citadel Insurance Company Limited

Incorporated In Hong Kong

Chairman's Statement

1982 was a very difficult year world-wide for the insurance market. Group consolidated profit for the year increased from HK\$6.4 million to HK\$6.7 million and for Citadel itself from HK\$6.9 million to HK\$7.1 million. Consolidated assets less current liabilities increased from HK\$567.8 million to HK\$960.0 million.

During the year Citadel acquired Gloucester Holdings NV as an intermediate holding company for the Group's overseas subsidiaries, which were transferred to Gloucester Holdings NV at net asset value. The accounts include an exceptional gain of HK\$1.6 million arising from this transfer which in effect represents a recognition of the increase in the value of these subsidiaries over the years during which time they have been held at cost. This gain is eliminated in the consolidated accounts.

As a result of currency movements during the year an unrealised gain on exchange of HIC\$0.8 million arose. This gain has been taken to an exchange fluctuation reserve which will be available to take up adverse movements in future years. In 1981 the comparative figure was a small loss which would not have been reported differently under the changed accounting.

The Company acquired a small portfolio of leading equities on the Hong Kong Stock Exchange. The market continued to fall after the purchase and the unrealised loss on revaluation of these securities to market values at 31st December 1982 on HK\$1.4 million is also charged against the profit for the year. At the time of writing the market value has increased and is now in excess of tha purchase price.

Within Australia, Sirius Insurance Company Limited completed the year with a profit after tax of HK\$488,048. The Company continues to account for its office building in central Sydney at

During the year The Hongkong and Shanghai Banking Corporation's 49% beneficial interest was represented by Mr P. E. Hammond, Deputy Chairman of the Bank, Mr R. V. Munden, Executive Director, Mr A. C. R. Chappell, Assistant General Manager Group Finances (who succeeded Mr J. Paton on his transfer to Saudi Arabia), and Mr J. R. Millner, Chief Executive Insurance Group, Mr P. E. Hammond, because of his other duties with the Bank, has now retired from the Board of Citadel and other Bank insurance boards. We greatly appreciated his considerable help during the formative years of Citadel.

It is with great regret that we record the death of Mr Lestie Gordon. We miss him greatly both as a friend and for his wise counsel. Professor P. G. Willoughby, Professor of Law at Hong Kong University, continues to serve and will be joined by Mr B. N. Buckley, Senior Partner of Simmons & Simmons in Hong Kong.

Finally, I should like to thank our clients and their brokers for their continued support and our Finally, I should like to mank our creats and street staff for their great loyality and enthusiasm.

Abridged Consolidated Balance Sheet at 31st December 1982

39,043,617 26,396,517 78,951,782 51,435,621	110,077,581
78,951,782	14,105,528 110,077,581 398,552,794
1,435,621	398,552,794
3,281,261	45,070,975
0.065,181	567,806,878
(6,514)	(43,609)
1,015,050)	(531,028,744)
	36,734,525

# Notice of Redemption

# Copenhagen Telephone Company, Inc.

(Kjobenhavns Telefon Aktieselskab)

9% Sinking Fund Dollar Debenturee Due April 15, 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 15, 1970 under which the above described Debentures were issued, \$593,000 principal amount of the said Debentures have been called for redemption through operation of the Sinking Fund on April 15, 1983, the date fixed for redemption at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption as lollows:

			-			-		-	-	A scenific	orie also	CHICAN	c Kamo	CLP AND	s prest	r <del>Je</del> ffer	PEI	
70	1111	1653	2445	349t	4579	5478	6537	6846	7134	7467	7788	8020	8330	8767	9083	9403	9735	
73	1114	1662	2449	3500	4610	5481	6556	6875	7135	7478	7794	8024	8332	8769	9108	9428	9729	
116	1121	1728	2450	3564	4629	5484	6557	6886	7160		7806	8026	8378	8770	9129	9458	9741	
162	1125	t729	2452	3567	4630	5610	6576	6892	7192	T484	7807	8032			9130	9486	9747	
239	1177	1730	2462	3601	4632	5639	6589	0904	7200	7487	7808		8383	8783	9136	9487	9754	
243	1179	1732	2482	3602	4633	5687	6606	6907	7209	7528	7816	8037	8386	8826	9142	9496	9760	
300	1187	1740		3617	4634	5709	6610	6913	7218	7529			8400	8833	9144		9769	
314	1188	1796	2900	3666	4706	5711	6612	6916	7227	7539	784t		8413	8862		9521	0001	
376		1827	2902	3758	4744	5712	6615	0917	7229	7545	7860	8083	8423	8867		9624		
399	1215	t828	2904	3762	4745	5716	6620	6928	7232	7571	7862		84:30	8868	9148	9526	9814	
418	1234	1829	2910		4770	5856	6626	0932	7250	7579			8468	8878	9162	9527	9815	
428	1271	1843	2912	3764	4771	5887	6640	6943	7258	7594		8131		8888	9163	9530		
479	1281	1846	2919	3909	4840	5924	6641	6946	7259	7598	7887	8746	8478	8897	9166	9590	9882	
481	1294	1851		3911	4841	5925	6664	6950	7280	7602	7888	<b>a</b> 147		H936	9t7u			
506		1651		3913	4844	6t55	6668	6953	726 t	7607	7889	815t	8522	893T	9174	9807		
531		1989			4849	2166	6689	6984	7267	7638	7902	8185		8942		9611		
540		2095	2987	3994	4867	6379	6691	7009	7287	7639	7903	8200	8535	<b>8946</b>	9208	9615		
573		2105		4228	4870	6384	6693	7014	7292	7651	7905	6203	8535	8956	9214	9616	9899	
622		2127		4230	4874	4388			7300	7659	7907	820g	854G	8970	9215	9617	9907	
655		2137				6392		7027	7321	7664	7922	10.50	8550	897t	911114	965286	9911	
657		2140		4373	4967		6710	7047	7326	76TR	7930	8235	8551	898	90:25	9627	9921	
660		2143		4390	4968	6407	6715	7067	7328	7674	7934	8241	8552	8992	9240	9632	9928	
673		2144		4391	4983	64 1e		7078	7346	7 <del>0</del> 78		8251	N563	9001	9273	9633	9927	
760 763		2146	3120		4987	64:35		7083	7362	7677		واستو	R561	9004	929 t	9638	9937	
799		2150		4407		6445		7086	7390			8262	8562	9007	9311	9652	9942	
809		2152			6400	6455	6801	7098 7101	7405	7691	7944	8269	8585	9015	9332	9671	994:1	
844	1599	2156	3291					7103	7409	7695	795 L	6285	<b>8696</b>	9017	9337	9680	2200	
847	1601		3367				6812		7411 7414	7718	7971	8293	8609	9024	9343	9898	9959	
848	1604	2121			5454	6497		711e	7490			8296	8635	<b>9006</b>	9355	9700	9971	
1063		2163		4559			6820	7117	7497	7728 7752		8308	<b>6734</b>	9027	9357	9705	9972	
1085		2187					6825	7120		7779	7994	8311	8735	9043	9967	9706	2949	
1107		2194				6509		7129	7461	7781	8018	0014	8749	9065	9343	9715	9991	

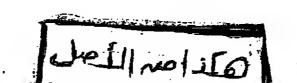
The above described Debentures will become due and pavable on April 15, 1983 and interest

thereon shall cease to accrue.

Payment of the redemption price of 100% of the principal amount of the Debentures will be made upon PRESENTATION and SURRENDER of such Debentures with all coupons appertaining thereto maturing after April 15, 1983 at Citibank, N.A., Receive and Deliver Department, 5th Floor, 111 Wall Street, New York, New York 10043 or the main offices of Citibank, N.A. in Brussels, Belgium; Nice, France; Paris, France; Berlin, Germany; Dusseldorf, Germany; Frankfurt [Main], Germany; Hamburg, Germany; Munich, Germany; Arhens, Greece; Piraeus, Greece, Thessaloniki, Greece; Milan, Italy, Rome, Italy; Amsterdam, Netherlands; Rotterdam, Netherlands, The Hague, Netherlands; Geneva, Switzerland; Lausanne, Switzerland; Lugano, Switzerland; Zurich, Switzerland; London, England; Belfast, Northern Ireland; Dublin, Ireland; Citibank [Luxembourg] S.A.; or at the office of Privatbanken i Kjobenhavn, Copenhagen, Denmark; Algemene Bank Nederland, N.V., Amsterdam, Netherlands; Kredietbank, S.A. Luxembourgeoise, Luxembourg; Skandinaviska Enskilda Banken, Stockholm, Sweden; Swiss Bank Corporation in Basle, Switzerland; and Deutsche Bank A.G., Stockholm, Sweden; Swiss Bank Corporation in Basle, Switzerland; and Deutsche Bank A.G., Frankfurt (Main), Germany, as the Company's paying agents.

COPENHAGEN TELEPHONE COMPANY, INC.

Dated: March 15, 1983



RACING BY DOMINIC WIGAN

ODDS were quoted against 43 horses yesterday by William Hill, sponsor of the Lincoln Handicap, but even at this late

stage ante-post backers should

treed warily.
William Hill has reintroduced

# **BIDS AND DEALS**

# Winding-up orders for 73 companies

Compulsory winding up orders against 73 companies were made by Mr Justice Vinelost in the High Court. They were:—
Chess Advertising Services, Reards, Parker-Holmes, Space Age Windows, United Horizons.

Mandrake Nurseries, G. F. H. Paints, Chris Barrett Installa-tions, Tempo, Leivesley Taylor (Wholesale & Refail).

McCartin (Eastbourne), Mid-Anglia Press and Television Services, Lutepoint, Slidemakers, Pablo Cruise. T.A. Leight Services.

Sambina, Fabbertson, J. B. Coachbuilders & Painters, T. A. Laight Services (Bidford), East Coast Earthmoving Services.

Proteus Aviation Services, Anglie Typesetters, Swale Press (Print Division), Air Poliution Engineering, Flaguard. J.P.S. Anton, Ravenhead Securities, Shelogrove Boden, The Tobacco Boys Company, Resinward Construction.

Resinward Construction.

Kenworth (Body System), The Dudley Foundry Company, Rent Automotive Castings, Chapman & Fox, F.C.B. Building Services.

North Kent Roadways, Fernstyle, R. E. Mills (Livestock Exports), D. S. Barratt, Padbest. Concept Equipment Manufacturing, Engineering and Construction, A. J. Gupwell, G. L. Saunders, G. Makby and Son. Fortbond.

Fortbond.

Silver Fox Despatch, N. C.
Napier, Holcroft Poultry Sales,
Mehta Fashions, Davies Bros.
Engineers (Wigan).

Stirling Brown, Sabre International Furniture, Input Design,
Hy-Ducts, Convoycourt.

Z. M. Butler & Co., Pineappla
Products, Laker Air Travel,
Marsglow, Special Office Services.
Transatiantic Commerce. Wil-

Transatiantic Commerce, Wil-ton Road Caterers, Tribote Trading Co., Electro-Tech Com-ponents, City Media Services. Basewheat, Carterbeck, Oscars Clubs, Personality Kastting, Altan Corporation, Lasonhall, Compressor Systems.

**BOND DRAWINGS** 

1011

£199,000 nominal Bonds will remain outstanding after 1st April, 1983.

1618

# Albert Fisher's £1m two-stage deal for Wentworth Import

FRUIT and vegetable merchant, the Albert Fisher Group has agreed terms for e two-stage deal to buy Wentworth Import and Export for np to fi.05m. This annoucement comes as Fisher reports a return to profitability after last years pre-tax losses of £28,734.

Fisher chairman Mr Toay Millar said the deal will give the Lancashire-hased distribution company direct eccess to

tion company direct eccess to primary producers and predicts a turnover "in excess of £15m" for the combined group.

Fisher will pay £800,000 for the privata company and up to £250,000 in deferred considera-tion depending on Wentworth's pre-tax profit over the next year.

Wentworth had net tangible assets worth £323,000 at January 31, 1983, and showed e profit of £116,000 on sales of £4.09m for the previous 10 months. Their business is seasonal and the sub-stantial part of its profils are earned in the period April to June.

Fisher will finance the first

stage of the dealby issuing 1.86m new ordinary shares, half of which have already been placed in the market st about 43p per share conditional on completion of the purchase. Fisher shares

rose 2p to 50p yesterday.

The deferred consideration will be calculated on the basis of £5 for every £1 of Wentworth's audited pre-tax profit over £210,000 for the 14 months be raised by an issue of ordinary ending March 31, 1084. This will share at the middle market quotation at tha time, unless

PERUVIAN NATIONAL LOAN 6% External Sinking Fund Bonds 1928

(Second Series)

S. G. WARBURG & CO. LTD., ennounce that Bonds for the nominal amount of £28,200 have been drawn for the semi-annual redemption instalment due 1st April, 1983.

The distinctive numbers of the Bonds, drawn in the presence of a Netary Public, are as follows:-

£1,000 Bonds 8822

£500 Bonds

'£100 Bo

On the 1st April, 1983, seemted Bonds will become payable at the new par value of £174 for each £100 nominal, together with occused interest to said date at the office of:—

S. G. WARBURG & CO. LTD. Bond Department, St. Albans House, Goldsmith Street, London, EC2P 2DL.

Interest will cause to accrue on the Bonds called for redemption on and after 1st April, 1983, and Bonds presented for payment must have attached all coupons maturing after that date.

£100 Boods: 2734

Due 1st April, 1977

£100 Bonds: 4316

Due 1st April, 1878

£100 Bonds: 4830

Due 1st October, 1979

£100 Bonds

Due 1st April, 1980 £100 Bonds 2600

Due 1st October, 1980

£500 Bonds

Due 1st April, 1981

£100 Bonds

£500 Bonds

Due 1st October, 1981 £100 Bonds

Due 1st April, 1982 £100 Bonds

Due 1st October, 1982

£500 Bonds

21,000 Bonds

£100 Bonds 1210 1392 8060 3438 5404 5523

7353 £1,000 Bonds

nds 7869

7982

£100 Bo

714 3542 6449

The following Bonds drawn for redemption on the dates stated below have not as yet been presented

£4.12m for the half-year.

Acquisitions have made the company's profit forecast of about £200,000, mede last August, largely irrelevant but a final dividend of 1.0p (net) per share is still expected. In line with previous policy, there will be no interim dividend.

### VICTOR TECH.

Victor Technologies Inc. in the U.S., Victor Technologies, DRG and ACT have concluded that a rationalisation of the arrangements for the sale of Victor and Sirius equipment in the UK is desirable. Accordingly DRG is terminating its existing direct contractual arrangements with Victor Technologies and become ACT's sub-distributor in the UK with continuanes of its rights to

computers. These revised arrangements are designed to strengthen and co-ordinate the marketing of Victor and Sirius equipment to dealers and end users.

### ASSOCIATES DEAL

Morgan Grenfell, as an asso-ciate of Habitat Mothercare, bought on March 16 on behalf Point or all of the amount.

Wentworth managing director
Mr David Pearce will stay on at

Bought of March 16 of Benar
of a discretionary client, 185,000
Hebitat Mothercare ordinary,
150,000 shares et £2.67, and
35,000 shares at £2.64.

8027

2396 4767 6981

1684 4638 7048

22nd March, 1983

783 121a 1550

# Barker & Dobson buying more shops for nearly £4m

BY CHARLES BATCHELOR

This ecquisition takes Barker's This ecquisition takes Barker's chain of confectionery, tobacco, newspaper and toy shops to 160 and comes 12 months after it hought the THS Newsagents chain of 16 variety shops in the Bournemouth area.

Barker will issue 47.46m new shares to the owners of Centre News, Mr Nick Mills and Mr Richard Whstmore, and pay £83,031 cash on January 8 1984. Marchant banker Guinness
Mahon will find buyers for
43.78m of the shares which will
not be retained by tha vendors
and which heve been condition-

# **Associated** Newspapers U.S. purchase

Associated Newspapers Holdings, publisher of the Daily Mail, is to buy out the outstanding shareholders in Rs 49.7 per cent owned U.S. publishing associate, The 13-30 Group, which controls the Esquire magazine.

Over the next five years, et a Over the next hve years, of a price determined by 13-30 Group's performance, Associated is to purchase the remaining share in annual tranchs of 12.3 per cent, two tranches of 4 per cent followed by a further two tranches of 10 per cent.

Provided 13-30 Group fulfills certain undertakings ralated to performance and the reorganisation of its corporate structure, Associated will acquire the first tranche, 12.3 per cent, between the beginning of October this year and the end of March 1984.

13-30 Group made profits of \$3.08m in the year to end-June 1982 and the consideration payable by Associated will be a multiple of pre-tax profits of either 7.3 or 8 times profits for the current year, dependent on profits growth. The consideration, had the agreement been exercisable, would have been \$2.76m cash last year.

Assuming maintained profitability, 13-30 Group's net assets at the time of the purchase of the first tranche would be about

### **HUMBOLDT ENERGY** EUROPA PETROLEUM

Humboldt Energy Corporation has received approval to purchase shares of Europa acquisition of certain assets of Petroleum (Europa). Humboldt bas committed a maximum of \$800,000 a year in each of three years to purchase Europa common shares at prices up to \$2 per share. It may not acquire more than 5 per cent of the issued and outstanding Europa common shares in any 12-month period. Based on an estimated cash flow of its oil and gas reserves, the net eppraised value of Europa is \$2.45 per share. Humboldt Energy Corporation

AT A cost of £3.88m, mainly in shares, Barker & Dobson, the confectionery and retailing group, is buying the privstely-owned Centre News company, which has 26 shops around confection as "e rather nice private business in an area with pretty good specific or the first product, a 15p "Dime Bar" which went on national and provided the confection of the UK. Mr Aitken said he was "delighted and slightly surpised" at the demand for the first product, a 15p "Dime Bar" which went on national and provided the confection of the UK. Mr Aitken said he was "delighted and slightly surpised" at the demand for the first product, a 15p "Dime Bar" which went on national and provided the confection of the UK. Mr Aitken said he was "delighted and slightly surpised" at the demand for the first product, a 15p "Dime Bar" which went on national and provided the confection of the UK. Mr Aitken said he was "delighted and slightly surpised" at the demand for the first product, a 15p "Dime Bar" which went on national and provided the was "delighted and slightly surpised" at the demand for the first product, a 15p "Dime Bar" which went on a product the first product, a 15p "Dime Bar" which went on a product the first product at the demand for the first product, a 15p "Dime Bar" which went on a product the first product at the demand for the first product at the first product at the first product at the first product at the said he was "delighted and slightly surpised" at the demand for the first product at the first product

spending power."

Barker's shops achieved an average net return on turnover of 45 per cent hefore the TRS sweets, for which demand in the of 45 per cent hefore the TRS acquisition a year ago, but the TRS stores pushed op the group average to 6.5 per cent. The Centre Newa stores have an average raturn of 6.3 per cent. Average store turnover before TRS was £203,000, rising to £393,000 afterwards. Average furnover of Centre News is £2558,000.

Barker has also revealed details of its first substantial agreement with e foreign manufacturer, Marabou of Sweden, to distribute its chocolate-based

# SHARE STAKES

holding to (3.0 per cent),

Cope Allman International—
Hawley Group purchased 50,000
ordinary shares at a price of
59½p per share, on March 18.
Persons acting in concert with
Dowable (of which Hawley is a
shareholder), winich has made
an offer for the ordinary share
capital of Cope Allman, now
control 5,951,000 ordinary shares
(15.06 per cent). North Midland Construction— Major T. G. Moyle has purchased 10,000 ordinary shares. Lee Cooper-Mrs Sally Roter has disposed of 17,000 ordinary Wolverhampton and Brewerles—Hill Samuel Investment Management has 25,000 ordinary shares on behalf

control 5,951,000 ordinary shares (15.06 per cent).

Bogod Pelcpah.—Mr C. Bogod. a director, has disposed of 72,767 ordinary shares (7.5 per cent) at 9p per share, leaving his total holding as 104,947 (10.82 per cent). He has also acquired 72,767 ordinary "A" restricted voting shares (1.5 per cent) at 8/1p making his holding 645,951 (13.33 per cent). WJB Pension Fund has acquired 72,767 Sterling Industries—Mr P. N. Buckley, e director, has disposed of 5,000 ordinary shares. Milford Docks—On March 18 Mr W. I. Davies purchased 10,000 ordinary shares at 105p. This represents 1.28 per cent of the issued share capital, making his holding 2.88 per cent, which is in addition to the option which expires on March 31 1883 for 190,000 shares (24.3 per cent).

(13.33 per cent). WJB Pension
Fund has acquired 72,767
ordinary shares (7.5 per cent)
making its total holding as
193,854 (20 per cent).
Sumrie Clothes—Le Chevalerique of Monaco holds 11 per
cent of equity (275,000 ordinary

shares).

Appleyard Group—J. Sainsbury
Pension and Death Benefit
Scheme has disposed of 150,000
ordinary and is now beneficial
holder of 500,000 ordinary (6.26
per cent). South Yorkshire
County Council has sold 150,000
shares which reduces its stake to 5.6 per cent.
Triplex Foundries Group—Mr

Peter John Hearnshaw, e director, has acquired 10,000 ordinary shares increasing bolding to 12,535 shares (0.61 per

Courtaulds—Mr J. A. Gardiner, a director, has sold a total of 20,000 ordinary shares.

Fife Indmar has agreed terms with the receiver of Precision

# Tokyo Pacific Holdings (Seaboard) N.V.

# Tokyo Pacific Holdings N.V.

The Annual Report as of 31st December 1982 has been published and may be obtained from:

National Westminster Bank Limited Stock Office Services, 5th Floor, Drapers Gardens 12 Throgmerton Ave London EC2P 2ES

N. M. Rothschild & Sons Limited New Court, St. Swithin's Lane, London EC4

l'Européenne de Banque 21 Rue Laifine, Paris 8

Merrill Lynch International & Co. all European Offices

Sal. Oppenheim jr. & Cie. Uniar Sachsenhausen 4, 5 Köln

Konigsallee 21-23 D 4000. Dusseldorf t

Banque de Paris et des Pays-Bas Boulevard Emile Jacqmain 162, Bruxelles

Banque de Paris et des Pays-Bas

Royal Exchange Suilding 56 Pitt Streat, Sydnay N.S.W. 2000

# **BASE LENDING RATES**

Bank Hapoalim BM 104%
BCCI 104%
Bank of Ireland 104%
Bank Leuml (UK) plc 104%
Bank Street Sec. Ltd. 104%
Bank Street Sec. Ltd. 104%
Banque Belge Ltd. 104%
Banque du Rhone 114%
Barclays Bank 104%
Beneficial Trust Ltd. 114%
Bremar Holdings Ltd. 114%
Brit. Bank of Mid. East 104%
Brown Sbipley 114%
Canada Perm't Trust 114%
Castle Court Trust Ltd. 114%
Cayzer Ltd. 104%
Charterhouse Japhet. 104%
Chonlartons 114%
Citibank Savings 110%
Citydesdale Bank 104%
C. E. Coates 114% Edward Manson & Co. 12 % Midland Bank ...... 10 % Morgan Grenfell ...... 1019 National Westminster 1019 Norwich Gen. Tst ..... 1019 P. S. Refson & Co. ... 101%
P. S. Refson & Co. ... 101%
Roysl Trust Co. Canada 101%
Roxburghe Guarantee 11%
Stavenburg's Bank ... 101%
Standard Chartered ... 1101% Trade Dev. Bank ..... 10 Trustee Savings Bank 10 United Bank of Kuwait 101% Volkskas Intl. Ltd. ... 101% Westpec Banking Corp. 101% Whiteaway Laidlew ... 11 % Williams & Glyn's ..... 101% Wintrust Secs. Ltd. ... 1019 Yorkshire Bank ...... 101% Mambers of the Accepting Houses Committee. \* 7-day deposits 7.5%: 1-month 7.75%. Short-term £8,000/12-months 10.1%. # Cell deposits £1,000 and over 712%. 21-day deposits over £1,000 81%.

# Move into screen ink

to f7m cash all the shares in Sericol Group, a privately owned company specialising in the manufecture and distribution of inks and associeted products for the screen printing process. Sericol's technology is said to

be among the most advanced in the sector and it is market leader in the UK. Turnover exceeds £17m and staff numbers

Sericol has s fsctory in Brosd-stairs, Kent, a London sales, marketing and administrative office and six distribution depots throughout the country. It has further sales and distribution in France, Germany and Switzer-land, and exports over half its production to countries through-out the world.

# PENTLOW DIRECTORS'

Pentlew Holdings has agreed to sell its property and motor car interests to Mr M. J. Norris and Mr R. J. P. King, the two direc-tors of Pentlow principally responsible for their managediscretionary investment ment, for a total consideration in excess of £750,000.

The proposed huy-out will he subject to approval of the com-pany in general meeting. Mr Norris and Mr King have resigned as directors, and their ordinary shares and loan stock in Pentlow heve been placed

### COPE ALLMAN

Following the issua of the formal offer document on behalf of Dewahte, Mr L. J. Manson, chsirman of Cope Aliman, has written to shareholders to say that the board and its edvisers have considered the document hnt hava found nothing in it to change their opinion that the offer takes no account of Cope's asset backing or prospects.

A detailed rejection of the formal offer will be circulated shortly. Meanwhile sharebolders are advised to take no AC Cars—Goldheath holds a further 8,500 ordinary shares, increasing total to 363,040 ordi-nary (18.15 per cent). North British American Investment Company—Pentland Investment Trust has disposed of 220,000 ordinary shares reducing holding to 200,000 shares

a director, has disposed of 5,780 ordinary reducing beneficial formal offer will be circulated sholding to 1,569,124 (11.52 per cent) and non-beneficial bolding bolders are advised to take no to 180,400 shares (1.32 per cent).

# by Burmah

has warned that the miler is a doubtful participant, and only on Sunday he told The Sporting Life: "There's a hlg questionmark against him. I've got everything crossed hoping to get him there in time, hut it seems unlikely."

However, leading bookmakers, including Hills and the Tote, still report each-way bets.

small sums. While bookmakers contem-

1t licenses technology to manufacturers in Australia, New Zealson, Mexico, Spain,

# PARTIAL BUY-OUT

with independent private inves

Plysu-Mr C. S. J. Summerlin,

# **Chemicals**

William Hill has reintroduced as one of the joint second favourites on 14-1. The move could prove a little premature. At laast three times lately Baroog's trainer, Frankie Durr, has warned that the miler is a deathful articles and only Burmah Speciality Chemicals has hought for a reputed £600

Tote, still report each-way bets coming for Barooq, slheit in

nlate an awkward situation over Baroog'a status, money con-tinues to pour in on Cyprus Sky, trained by Ron Smyth. One or two usually well-informed backers eleim that Cyprus Sky. the Lincoln favourite, worked with end hetter than Geoff Lewis's one-time fevourite for the race, Cornish Gem, at Epsom early last week.

Still on the subject of the forthcoming flat season, Brooke Bond Oxo is to sponsor the nire-event series for amateur riders event series for amateur riders sgain in 1983—for the 11th consecutive year. The series begins at Doncaster on Friday. Since the series was opened to riders of both sexes in 1976—it originated as a women only affair—the champlonship title has been won four times hymen end three times by women.

FONTWELL 2.30—Glissando 3.30—Swift King 4.00—John Brush\*\* NOTTINGHAM 1.45—Hope End\* 3.15—Port Askaig\*\*\*

### MILES BROTHERS

The business of Miles Brothers (Saredon) has been sold by the joint receivers to Cladcolor Profiling of Glamor-

gan. Miles manufactures Pakaway portable huildings. The husiness will continue from its present premises at Saredon near Wolverhamplon,

The receivers were Mr Barrie Bennett and Mr Peter Bandall of chartered eccountants Spicer





Eagle Aircraft Services Ltd.

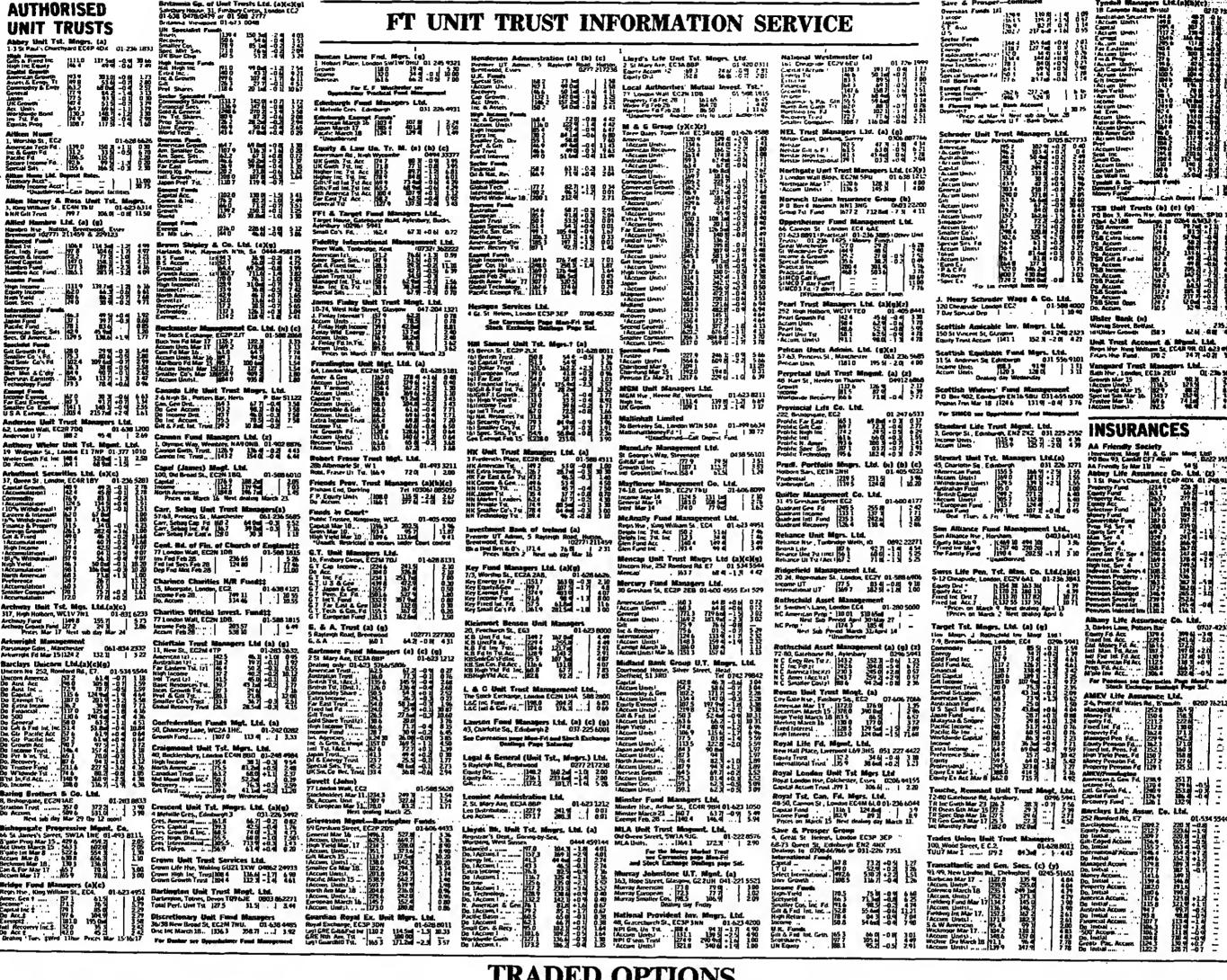
Coworth Park House Coworth Park Sunninghill, Ascot Berks, SL5 7SF, England

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uss. Inc

4229 6242

30, Gresham Street, London, EC2P 2EB.



# TRADED OPTIONS

LONDON TRADED OPTIONS

	E	JROP	EAI	OP	ΓΙΟ	NS E	XCI	IAN	GE	ABN P AZN C	F.320: F.340	23 80	April   82,80	_	July		Oct.	F,350
	Seri	ies	Vol.	June Last	Voi.	Last	vof.	ec. Last	Stock	AKZO C AKZO C AKZO C	F.30 F.82,50. F.40'	54 16 20	23,30 20,90 8,70 8	49 28	14	Ξ	Ξ	F,88,60
O FL D FL	CCCAA	F,288 F,270 F,275 F,260 F,285	5	5.50 8 5.50 A	25	5,50 3,50 7 A	- - -	8,50	F.269	AKZO G AKZO G AKZO G AKZO P AMRO C AMRO G AMRO G	F.50, F.50; F.50; F.45 F.30 F.55	46 42 32 40	2,30 1,10 10,50 8 5,80	22 28 17 21 31	7.20 4,30	62 22 -	8,10 3,50 4,20	F.56
				lay		ug.	N	ov.		AMRO P	F.55 F.130	18 20	1,20	-	-		_	
6010 6010 6010 6010 6010	0000000000000000	\$875 \$405 \$450 \$475 \$500 \$850 \$375 \$400 \$425 \$450 \$470	75555555555555555555555555555555555555	82 2 82 2 27 8 12 6.50 4.50 2.50 4.40 8 15 25 A 64 88	2 2 19 32 17 - - - -	58 58 29 72 12 3,50 28 35	15022121	74 49 40 50,50 23 13  23	\$415	HEIN C HEIN P HOOG C HOOG C HOOG C HOOG C HOOG C KLM C KLM C KLM P KLM P NEDL P	F.120 F.130 F.17.50 F.22.50 F.25.50 F.25 F.17.50 F.140 F.190 F.770 F.110 F.150 F.27.30	100 54 22 25 107 40 64 112 20 13	5.50 1.20 5.50 A 1.80 24 2.30 3.50 8 0.80	207	2.10 8.30 8.30 1 2.10	50	5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	F.141.50 F.722.30 F.28 F.163.50 F.101.90 F.39
1234 N		27.91 F.122.50 F.127,50 F.135 F.130 F.135	2 100  20	12,10 · 1,30 1,90	20	7,20 1,80	=	=======================================	F.184,50	PHIL C PHIL C PHIL C PHIL C PHIL P PHIL P	F.50 F.82.50 F.85 F.45 F.45 F.40 F.90	21 42 354 858 	1.80 11 A	77 54 128 1125 138 15 79	3.50 4.50 2.50 1 1,10 3.30	38 25 164 223 317 8 1	2.10 1 7.30 1 3.50 1.70 1.40 3.80 4	
10½ N	L S	90 86 95 F,115	_	_	5	2,40 A	_	_	F.115	RO C RD G RO P RO P	F.100 F.110 F.90 F.100	858 188 34 68	3.80 0.80 0.30	251 26 26 95	2,30 2 3,50	101 72 96 20	3,80 3.10 7,70	:
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71. NL C		87-90 F,100			50 .	1.80	_	_	F.99,80	TOTAL VO		CONT 8=2		,689	,50 A Cali	_	– P=Put	*

# A FINANCIAL TIMES SURVEY **GOLD**

**APRIL 14 1983** 

- 1. Introduction The Gold market prospects for Gold price movements in the year shead, etc.
- Gold in the World Monetary System Futures markets
- London bullion brokers
- Production Demand
- Coins 8. Mining shares

For further information and advertisement rates please contact:

David Reed Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY

	MUUM	1 164		UP	110			Option		Apr.	Jul	Oct.	Apr.	Jol	Oct.
Option		April	July	Dct.	Apni	July	Oct.	SHL (USP 428)	350 390 420 450	72 42 30	63 84	80 42	ile 8	18	30
8P . USP 3201	280	64	- 1	_	1			,	460	I 4	14	22	] 88	PUTS	44
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: :	850 850	3 2	20 70	28	20 42	28 48	32	8BL (USP 448)	260	28		<u> </u>		Aug.	Nov.
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OUA (USP 128)	120	10	75		- 8		<u> </u>	LMD (USP 232)	220 240 260	27	87 25	47	12 12	20 28 38 37	30 87
	180 740	4	2 5	14	9	11	13	7	280	8 4	18	29½ 78	32 32	38	47 64
	160	_ i	ž	4	18 37	20 88	21 82	: :	300 330 360	112	10 8	-	72 102	78 105	Ξ
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7 ::	300 380	32 12	41 20	_ 1	10	5 [	=	RCL (USP 449)	420 460	40 15	54 28 18	70 45	7 22	11	18 40 70
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# **FINANCIAL TIMES**

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Financial Times Tuesday March 22 1983 29 Hambrus Fd. Mayrs. (C.I.) Ltd.
P 0 Bos 8b. Guerney
Capital Reserve Fund | 1b. 09 | 1b. 10 | 022 |
Li Fund | 122 | 3215 | 2 01 |
Special Sets. Fund | 1.192 | 1.55m | 2 01 |
Special Sets. Fund | 1.192 | 1.75 | 1 12 |
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Daltar income Fund | 1.192 | 1.75 | 1 12 |
Team. Nat. Trass. | 1.194 | 1.75 | 1 12 |
Team. Road | 1.75 | 1.20 | 1.20 |
Team. Courty | 5.05 | 2.124 | 1.36m | 2 05 |
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Team. Sept. Burd | 1.195 | 1.20 | 1.78 |
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Team. Sept. Burd | 1.195 | 1.20 | 1.20 |
Team. Sept. Burd | 1.195 | 1.20 | **INSURANCE & OVERSEAS MANAGED FUNDS** | Henderson Admin, & Man. (Guernsey)
PO Box 71, St Peter Port, Guernsey	0481 365-41		
American 105 cents	170.8	181.7	
Bot Res 105 cents	170.8	181.7	
Cat Pard	1.20.7	13.43	
Depart Res. Props.	94.0	80.0	
SJahan's Cr. St Peter Pt, Guertey. O481 27
OC American Fd\* S3 31 35.27
OC Sm Gor\*\*. 174.8 102.24
OC Commodity 109 8 116 Ref. 100 10 Commy 534.99 37 23
OC Hongley Grid 108.81 30.82 Crostwood St., Cheshant, Herts Watham X 31971
Portfule Fd Acc. 234 
Portfule Fd Isla | 1985 | ... |
Portfule Fd Cap. 234 | ... |
Portfule Fd Cap. 234 | ... | OC Intol. Reserves Ltd. 0481 26741-26331 | Silver | State | Sta | Part Col. | Sil 1366 11:755 | 1309 | Nert dealing March 31, and states 13, Nert dealing March 31, Nert dealing March 3 Hemicron Administration 13 Austin Frans, London, ECZ. 01-988 3622 See Currencies under Mon-Pri and Stack Exchange Dealings, page Sal. | Second Commended Progress | Second Controlled Progress | Second Exchange Business | Progress | Second Controlled Progress | Second Controlled | 

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# INTERNATIONAL CAPITAL MARKETS

# LONDON RECENT ISSUES: **EQUITIES** 132 120 98 103 800 305 198 143 77 253 98 255 88 265 FIXED INTEREST STOCKS "RIGHTS" OFFERS F,P, 25/2 28/4 Mil 12/4 15/5 Hil 23/3 15/4 NII 25/3 25/4 NII 25/3 25/4 NII - 18/4 NII - 18/4 NII - 18/4 NII - 7/5 29/5 F,P, 11/3 10/6 F,P, 21/2 7/4 Hil 28/3 6/4 F,P, 21/7 7/4 NII 28/3 6/4 F,P, 11/6 6/5 F,P, 11/6 8/4 F,P, 11/6 8/5 F,P, 11/6 1 japm | 1 japm | 8 japm | 8 japm | 168 japm | 168 japm | 169 japm | 168 japm

Renunciation date usually last day for dealing free of stamp duty. It is based on prespectus astimates. It is indeed on prespectus astimates. It is indeed on past of capital; cover based on dividend on lull capital. It passumed dividend and yield. It is Forecast dividend; cover based on previous year's earnings. It Dividend and yield based on prospectus or either official estimates for 1983. Q Gross. It cover allows for conversion of phares not now ranking for dividend or ranking only for restricted dividends. It placing price. It is pence unless otherwise indicated. It issued by tender. If Officed to holders of ordinary shares as a "rights." I saued by wey of capitalisation. If issued in connection with reorganisation marger or take-ower. Ill introduction. If issued to former praterance holders. Allotment letters (or lully-paid). If provisional er partly-paid allotment letters. A With warmants. It Dealings under special Rule. It Dealings up the provisional states. It condon Listing. It Effective issue price after scrip. It Formerly deals in underspecial rule.

FT INTERNATIONAL B	SOND SERVICE	
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The list shows the 200 latest international bond issues for which an adequate secondary markel exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Mooday of each month. The following are closing prices for March 21.

S. BOLLAR			Change on		World Bank 102's 88	150	981/2		-01/201·4	
TRAIGHTS		ed Sid Offer	dry week	Year	World Seek 10% 93	100		9714 0814	-014 -014	
mex 0/8 Fin 14V4 89	_75	112 11214		11.34	World Bank 11 Va 89 Av. price change	100				
ero Bank 13 89	200	104% 105%		11.60	AV. price cause	25: CM I	uzy —∴ e,	THE LAST		
HP Finance 1444 89	150	1081/2 100	-8% -0% -8% +0%	12.59 12.04	DENTSCHE MARK				Change on	
ritists Cut Hyd 1544 02	150	117 1171/2		11.82	STRAIGHTS	Issue	er Sid	Offer	day west	Yight
peda 14% 07	750 175	118% 111 184% 105	-0% 6	11.41	Auroport Paris (144 92	60	180%		-014 -018	N.97
Interior Ltd 1242 88	50	188% 100%	-0% 0	11.15	Austrafia 87/a 93	200		991	-0281-	7 01
Pac Led 14% 02	75	110% 111%		12.50	Australia 724 92	200	10574	108' 4	-0'z -1	6.87
Pac Sec 15 89	75	189% 110%		12.61	Bank of Tokyo 71/4 SU	100	160	1007.7	-824 B	7.20
ticere D/8 15 84/92	100	104% 166Vz	0 0	9.52	Baver Capted 7% 89	150	103'=	103%	C -51/m	0.94
sce Cole let 97/2 92	100	241/2 25	-81/a 8	10.77	Causse Nat Energie 9 93	100	1001.1		- 03m -01m	7.94
ca Cole fot 11% 89	100	10474 10574	-01/4 -81/2	19.62	Caissa Nat 7ele 7º4 93	203		981.4	-B-4B1/4	8.00
adit Seisse 104 80	100	1091/2 101	-844 +844	10.32	E.G.O.C 717 93	150	99	99° 2	O.4 C	7.01
tutsche Bk Fin 14W 88	300	110% 119%	-0% O	11.75	EEC. 734 95	200		100%	-U-a -U-a	7.73
Pent 11 Vs 65	150	1911/2 102	0 +61/2	18.97	EEC 094	200	101	10115	-81/4 0	7.82
Post 141/s 89 WW	200	187% 107%	_81/a 0	12.29	Eurofina 742 01	150	100%			7.37
D.C. 10% 88	188	99% 190%		10.72	Ferrovia Della 834 88	150	10034			8.49
O.F. 1234 87	150 -	.163% 104%		11.50	Goold int Fra 8%4 88	75	102'7		-010 -014	7.70
E.C. 111/2 00	<b>200</b>	98% <b>99</b> %		11.63	H.J. Hainz Int 64's 60	50	9917		6 -9'a	6.81 8.03
I.B. 11 01	125	97% 98%	-81/4 +01/4	11.39	hai-Am Dev Bi. 814 93	15C		101%	-81/6 -83/6	8 10
LB. 151/2 02	100	112% 114%	-876 -81/6		reland 847 G5	150	10124		0 -0%	0.33
p Dev Corp 11% 97	100	1021/4 1027/4	0 + <b>0</b> √2	10.99	Ireland 0% 91	15C	10234 98	981-		7.25
rsmarks 1344 02	79	10076 10576	-0% -0%		ITT Antalles 7 93	200	101	1911-2	-0"> 0 -0"• -0"•	0.94
ız dı France 12¼ 93	175	15% 28%		12.24	McDonalds Fee 71/a 92	100 100		091-2	-024 -077	7.79
no Elan: Credit 8% 91 ,	100	14% 14%	-0% -0%	10.73	Mitsu O.S.K. 71/4 88	138	9717		-0-1 -0-2	9.85
m Bec Credit 12 89	100	100% 107%	8 -54	18.41	Mount ise Fin 74's 90'	2C0	18175		0 -02%	7.68
WAC 0/8 Fix 101/4 80	200	874 877		11.00	Quebac Hydro 0 93	150	102	10234	-830 -872	7.77
MAC 0/8 Fla 15 97	100	1084/s 1091/s	-0% O	12.12	Sweden Kingdom 81-4 89	200		581.4	-4-0 -0-7	7.56
# Qii Fia 12*4 87	100	1837/6 1827/6		11.14 18.59	World Bank 714 93	200	98		-81-a -61/a	7.48
M World Trade 1244 D2	200	10914 10914		11.89	Av. price change					7.40
nyda Euro 114e 84	100	1714 1734		11.11	Mr. have counte		<b></b>	<u></u>		
antobe Prov 1134 88	125	1021/2 182	-0'4 C	11.71	SWISS FRANC				Change on	
annolu Prov 1344 89	100	1881/2 100 991/2 1001/a		11.50	STRAIGHTS	lesne	d Bd	Offer	day week	Yield
istand Int Rin 1147 92	150	1811/2 102		11.41	American Express 434 93	100	971.7	373	-012 -014	5.00
of West Fin 11-74 92	150	11136 11179		11.54	Asian 0 8 57/a 95	100	96	051%	0 -81/4	6.19
W Brunswick 15 4 87	75 75	11314 11374	-81/e C	12.55	Sownter Int Fin 9 02	100		1021/4	-D1's 0	5.71
perfoundlend 151/2 80	100	9514 9734	-8% O	11.75	BTR Finance 55's 93	75	97	9714	-012 -112	0.02
ppon Credit 11 Vs 03	75	11374 11374	-81/e B	12.84	Chugoku Ele Pow 81's 01	100		100%	8 8	6.10
ove Scatia Prv 1514 89	200	1021/7 103	-844 -8Ve		Chuptsoya Co 57/s 93	5C	99	961.4	0 -014	8.41
stario Hydro 11 1/4 89	200	106% 100%		11.54	Ex-lett Bk Japan 5 02	100	96	851.4	0 -1	5.52
ntario Hydro 12% 92	150	11614 11634	-81/6 -01/4		First Interstate & 92	180	101/2		-012 -134	5.77
uterio Hydro 15 92 udentral O/S 101/s 93	180	99% 59%	0 +074	16.68	Gaz de France 9 93	100	19124		-074 -078	5.79
udential D/S 1234 \$7	150	1981/4 1963/4		10.83	Gothenburg Airport 8 92	50	09	0012	0 0	8.12
	190	1881/4 1891/4	-01/4 -07/4		HCA Firming 5 03	100		0524	-0°2 -2	5.58
J. Revnolds 12% 89	100	184% 195	D244 - 07/4		Kyushu Dec Power 8 92	100	9912	391	-074 -014	8.05
skatchewan Pr 10% 90	125	9814 9874		11.87	Manitoba Prov 51'4 83	100	10114		-014 -B10	5.07
and Ensiol 114s 89	1061	98 991/2	-01/4 +01/4		Hers Zealand 5 V4 92	100	99	991.	-070 -17/2	5.36
M.C.F. 1147 83	100	9874 9874	-814 +814		Nippon Express Co 8 93	50	1087/2		01.2	5.81
and Eng Credit 1444 90	100	189% 199%		12.71	Nippon Koken 55's 93	100	96	9514	8 -11/9	0.10
VISS BK COM 1044 90	125	99% 100%	-84 -84	10.23	Missian Steel Co 63/a 82	160	961/2		-012 -1	6.50
racy Capital 974 90	150	84% 95%	+8Ve -8Ve	10.83	Morsk Hydro 51/2 SB	100		9732	-01/2 -91/0	5.70
0.S. 11 89	150	1021/2 103	-8Vs -8Vz		0 K.O. 644 93	60	1017		-8% -8%	6.45
elt Diener Pro 121/2 89	75	103% 184%	-91/2 -01/4		Geobec 53/4 92	100	10174		-834 -81/4	5.40

	Iranscander right 374 53	60	0074	863.4	-0	113	5.83	i
	Umon Bk Norway 534 03	65	883/-	168	U	-612	5.39	
_	Volvo 5≥a 91						5.45	- ;
	World Same 5'7 UJ	100		10814		0	2.40	- 1
_	Av. pnce charge	15: ON 6	ay - 48.	Of Heat	- 42			- 1
F								- 1
У				-	Creek	ka ovi	10-14	- 7
•	YEN STRAIGHTS	Issued		Offer	day	Masy	Yield	
	Australia 654 92	15	1651/4		-04e	-6.4	7.74	•
	E1B 04 02	15	1821/#			-01/4	7.83	
0	Japan Articos 77's 97		18814		0	8	7.59	- 1
5	Hew Zooland 874s 97	15	1821/2		0	-44	7.54	
Z	World Bank 82 o 02 .	26	183	104		9	7.52	•
	Au. grass change	s: on d	y - Va,	<b>DB 1400</b>	4 - 410			
			•					
					Cherry			
R	OTHER STRAIGHTS	Issued	Sec.	Offer	day	week	Yield	- 1
77		351	113	114	- OVe	-944	12.73	1
"	Can Unites 17 07 CS	501		1901/2	+01/4	-81/4	12.14	- 7
ñ	Suz de France 16 89 CS	75 t	1887	105%	.0	- 274	12.41	- 1
20	Con Matern 141 a 63 CS	407		18474	ě	g.	13.74	- 1
	Sez Metro 141: 92 CS Pancenadish 121:7 93 CS	50	9712		•	•	12.31	- 1
4	Quebec Hydro 14 97 CS	601	1054		-01/6	-04	12.78	- 7
10	CONTRACTO 14 32 LS		100	1081/2	-0.20	+842	12.15	
	Swed Exp CR 1214 89 CS			221.	-814	- (1)	11.06	- 1
11	E.E.C. 115'a \$3 ECU Et Narge 1134 88 ECU	50 30		98%	-034	-84		
13	St Marge 1134 86 ECU				-8%		12.24	
12	Amias 91-7 97 Fl	60		104%		0	8.28	
17	Austria 7 V2 88 FI	100	991/2		0	-84	7.56	
g	Nederland Gas 7 '7 98 FI	100		106%		+63/2	7.58	
70	Wester Middle 91'4 87 Fl	100	184	18415	0	• 84e	8.11	1
11	Duebec Prov 71-7 89 Fl	100	861/2	39	62.	-64e	7.81	
IJ	World Bank 7 89 Fl	150	98 V		0	+814	7.34	
0	O.K 9. 14 88 FF Solvay & Cie 1434 86 FF	400	97%	384P	+61/2	+ 814	14.60	1
ij	Solvay & Ce 1424 RG FF	200	87 Va	381/8	- 07-4	-617	15.80	1
15	8 F C.E. 141 7 97 C	30	107	182	- 03/e	- 84	12.03	
ī	CECA 121 88 £	20		18534		-81/2	12.29	
	CHT 171-00 E	20		1013%		81.	12.28	,
15	C.N 7. 1242 89 E EEC 1142 91 E	50	984			-014	12.14	
3	Fig For Ind 121 88 £			102			11.57	- 1
	FM FOR THE 1214 88 E	30		2445		- 012		
7	Fin Mat Oranj 125 s 82 f	30					12.78	
45	Gen Elex Co 121,7 89 f	50		105%		-044	11.31	
8	Heram Walker 144 60 £	25	1957			-8%	11.84	
	Mort 6k Fig 1134 BB £	15		244		+01.4	\$3.19	
	Norsk Hydro 12 90 £	38		28%	- 51/2	- 27/2	12.72	
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e e	Quebes: 141-2 89 f	30	160	107	- 81/4	0	12.06	
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9	S H C F. 1117 99 f	30		9614		-04	12.47	
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2								
7	FLOATING BATE							
3	NOTES	Spread	Bid	Offer	C-date	C.cpm	C.yM	
2	Bank of Tologo 514 91 (0)	D Va	9974	10074	10/5	934	8.74	
8	8.F.C E. 514 88	014	897	9975	20/7	074	9.33	
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7	Cesse Nat 7els 51/4 90	DV4	99	391/2			18.54	
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1	LONGICAL N 1 3 7/4 3/4 1 1		1884		23/3	9.84	0.90	
0	Credit Agricule 514 97	044	95 1/2	994		12%	12.96	
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0	Credit Lydomais 5% 97	014	99	95Vz	1/4	12.19	12.28	•
5	Credit Lyannais 514 94	DV4	39Vz	994	9/7	97/4	9.81	
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Sec Pacific 514 81	0 Va	160	100°2	24/5	10.04	18.84
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Sweden 5ta 83	240	3214	98V-	3/2	10.10	15.25
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7-11 p-14-		-			_	
CONVENTIBLE	Carre	Com.			. Ches.	
BONOS	deter	orice		Billion .	-	4.12
Alimotroto 5 Vs 98	7/81	. 533	1212	E4 -	- 0%	4.00
Bridgestone Ties 542 80	3/82	474	100 Va	1814	-814	2.50
Caces 7 87	7/82	748.2	1927	1812	-0%	7.14
Fajitsu Fenet 41/2 98	10/01	5514	1917	1834	-84	17.51
Hinacht Cable 5% 88	2/82	510	35V4	1774	DV-	18.82
Heachi Credit Corp () 96	1/11	1912	87\b	STV.	-142	15.60
Honda Motor 047 97	3/82	753.5	115%	m ·	74	2.78
Kawasaki 544 98	9/81	222	75 42	74	+54	14.78
Kumagai Gumi 04z 87	10/82	405	108	1987	- 1.	2 13
Kyona Hakim 6Va 97	2/83	782	105%	LETY2	- 2%	14.54
Marca 0 98	7/81	768.5	123	124V-	+8%	2.24
Montes Camera 5 36			724	74	-24-	36.78
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Number Od Co Sty 88	4/83		967			1.5
Nissan Motor 54's 25	4/83	778	2514	174	٠	. 15
Olympus Opsical \$746 57				18514		4.81
Ornert Finance 5 1/4 97	3/82			10634	- 176	4.14
Sumitoma Electric 5 V2 97	3/82			10514		11.55
Supremo Metal 51's 96			89.			33.92
Feptav 3Vz 93 SF				1081/-	-84	5.30
Sharp Corp 31/2 \$3 SF			1134		- 844	122
Komishiraka 674 86 DM				1123	0	7.45
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### THE LONG-TERM **CREDIT BANK OF** JAPAN FINANCE N.V.

U.S.\$25,000,000 Guaranteed Floating Rate Notes due 1988

For the six months 22nd March, 1983 to 22nd September, 1983 the Notes will carry an interest rate of 91% % per annum with a coupon amount of U.S.\$250,76.

Bankers Trust Company, Singapore
Agent Bank

# U.S. airline to raise \$40m

BY WILLIAM HALL IN NEW YORK

CONTINENTAL Airlines, the seventh largest U.S. airline, is raising S40m through a public offering of common and convertible preferred stock in its second capital raising competition and low fares have led to maintain debts and hump losses. exercise in less than 2 week. Last week American General for many airlines.

Corp., a Houston insurance company, agreed to lovest \$40m in the Securities and Exchange Commisloss-making airline. If it exercises its option to take op shares under

ingly little effect on the D-Mark Eu-

robond sector. Dealers had expect-

ed the market to be more active

with investors speculating on cur-

rency realignments. In fact, some

profit-taking took place in the

morning, and prices of seasoned

bonds fell by about 1/4 point in sub-

award is made as between parties whose respective

states are not party to the New York Convention on

the Enforcement of Foreign Awards, the award may nevertheless be enforced under the convention if, by the time action on the award

commences, one of the states has adhered fully to the con-vention, or both have adhered fully or on a reciprocal basis.

award is relied upon. . . ."

The Arbitration Act 1975 gave

WHERE

BY MARY ANN SIEGHART IN LONDON

to mounting debts and buge losses

Contineotal has filed with the sion for an initial public offering of 2m units consisting of one share of five year warrants it could eventu- common stock and one share of ally have a 20 per cent stake in the coovertible preferred stock. The price per unit will be around \$20. Texas Air Corporation bought full and the South Pacific.

DM bonds ease in subdued trading

see that bappening yet. Meanwhile,

people are still working out their

currency positions."

control of Continental Airlines late last year, After the current offering is completed its stake in Continental will drop to 91 per cent, and if American General exercises its warrants its stake could fail to 68 per cent.

Continental, which made a net loss of \$41.8m last year, is the main airline in the Houston market, accounting for more than half the daily departures from Houston's international airport. Its international rontes span Mexico, South America

discount of around 14 points.

There were no new D-Mark is- Eurocredit has met with such a pos-

sues yesterday but today should see itive response that bankers now exa DM 200m bond from the Interpect it to be increased for a second
American Development Bank, led time, to \$1.6bn.

FT COMMERCIAL LAW REPORTS

• Sweden's jumbo \$1.5bn 8-year

# Iran reaches \$125m accord with Citibank

By Terry Povey in London

CITIBANK of the U.S. has reached a settlement with Iran in its claim for repayment of \$125m in nonsyndicated loans following talks in London.

In what is hy far the largest settlement to date, the \$125m is to be set off against an agreed \$132 m payment by Citihank to Iran.

The payment arises from the in-terest accrued on Iran's oil account with the bank during the period of the 1979-81 U.S. embassy hostage crisis. As a result of the agreement Iran is to receive the Sim balance. Citibank was one of the four larg-

est bank claimants aginst Iran. An-other of the four, Manufacturers YESTERDAY's revaluation of the Deutsche Mark within the European Monetary System had surprise expect a very exciting week this cent. Friday's open-priced DM 150m tives yesterday. week. What we need is a real cut in offering from Euratom has a 10-interest rates in the U.S. and I can't year life and a coupon of 7% per

Discussions with the other two Chase Manhattan and Bank of Amcent. It was trading yesterday at a erica, however, have been suspended for some time

Neither Chase Manhattan nor Bank of America view the resolution of the Citibank claim as any indication that their own will be set-

All of these securities having been sold, this announcement appears as a matter of record only.

# \$100,000,000

12% Sinking Fund Debentures Due 2013

Principal, premium, if any, and interest on the Debentures are payable in The City of New York in lawful money of the United States.

Salomon Brothers inc

**The First Boston Corporation** 

McLeod Young Welr Incorporated

Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group **Dominion Securities Ames Inc. Atlantic Capital** Biyth Eastman Paine Webber Bear, Stearns & Co. Dillon, Read & Co. inc. Donaldson, Lufkin & Jenrette E. F. Hutton & Company inc. Kidder, Peabody & Co. Prudential-Bache L. F. Rothschild, Unterberg, Towbin Shearson/American Express Inc. Smith Barney, Harris Upham & Co. **UBS Securities inc.** 

Wertheim & Co., Inc. Dean Witter Reynoids inc. **Bell Goulniock Incorporated** 

Alex. Brown & Sons A. G. Edwards & Sons, inc. Hudson Securities, Inc. Kleinwort, Benson Levesque, Beaubien Inc.

The Nikko Securities Co. Oppenheimer & Co., inc. Tucker, Anthony & R. L. Day, Inc.

**Nesbitt Thomson Securities, Inc.** 

Lehman Brothers Kuhn Loeb Morgan Stanley & Co. **Basle Securities Corporation Burns Fry and Timmins Inc. Drexel Burnham Lambert** 

**Warburg Paribas Becker** Wood Gundy incorporated

Pitfield, Mackay & Co., inc.

Daiwa Securities America Inc. **EuroPartners Securities Corporation Robert Fieming** 

Ladenburg, Thalmann & Co. Inc. Moseley, Hallgarten, Estabrook & Weeden inc.

Nomura Securities International, Inc. Thomson McKinnon Securities inc. Yamaichi International (America), Inc.

New Issue / March, 1983

### Canadian National Railway Company (Wholly owned by the Government of Canada)

Richardson Greenshields Securities Inc.

Lazard Frères & Co.

effect to the convention in the UK as from December 23 1975. LORD JUSTICE KERR said that io July 2958 Snow contracted with the Kuwait Government to carry out construction works at Kuwait airport. The contract provided for arbitration in Midland Doherty inc.

provided for arbitration in Kuwait.
Cracks appeared in the airport runway and a dispute arose. In October 1964 Kuwait terminated the contract and the dispute was referred to arbitration.
In July 1979 an award, equivalent to about 53 m, was made in favour of Kuwait against Snow. In Kuwait's action on the award four preliminary issues were ordered to be tried. The present appeal, 183 years after the dispute arose, related to tha

Enforcement of foreign arbitration awards GOVERNMENT OF KUWAIT V SIR FREDERICK SNOW & PARTNERS AND OTHERS

Court of Appeal (Lord Justice Stephenson, Lord Justice Fox and Lord Justice Kerr): March 17, 1983

The Geneva Convention, which definition in section 7 showed

The Geneva Convention, which provided for enforcement of foreign awards on a basis of reciprocity, bad proved to be unsatisfactory. The New York Convention adopted a more ambitious approach by being primarily designed for the enforcement of all foreign awards, but with an option to adhere only on a basis of reciprocity. The Court of Appeal so held when allowing an appeal by the Government of Kuwait from Mr Justice Mocatta's decision on a

Justice Mocatta's decision on a preliminary issue in an action against Sir Frederick Snow and Partners, that an arbitration award in favour of Kuwait was not enforceable in the UK under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Article III of the New York Convention 1959 provides that "each contracting state shall recognise arbitral awards as binding and enforce them in accordance with the rules of prowhen the award in the present case was published, on September 15 1973, the UK, but not Kuwait, was a party to the Geneva Convention. Neither was a party to the New York Convention. Accordingly, the award was then enforceable in the UK, if at all, only at common law.

The UK became e party to the New York Convention on December 23 1975. It adhered on a reciprocal basis. Kuwait became a party on July 27 1978.

The present proceedings were accordance with the rules of pro-cedure of the territory where the

a party on July 27 1978.

The present proceedings were instituted by Kuwait on March 23 1979. Mr Justice Mocatta beld thet the award could not be enforced as a "convention award" under the 1975 Act because, on his construction of the Act, it applied only if the award was made in Kuwalt ofter July 27 1978, when Kuwalt became a party to the convention.

became a party to the convention.

The judge said there was no clear reason, based on the language of the definition of "convention award" in section 7, for giving the Act a "retrospective" effect. He preferred a "prospective" construction.

There was no substance in the "retroactivity" argument, and a careful analysis of the Act, taken alone or in the context of the Convention, showed that language of the definition of "convention award" in section 7, for giving the Act a "retrospective" effect. He preferred a "prospective" construction. There was no substance in the "retroactivity" argument, and a careful analysis of the Act, taken alone or in the context of the Convention, showed that the construction put forward by Kuwait was correct.

The problem revoived round the question whether "made" in the phrase "an award made "in the phrase "an award made" in the phrase "an award made "in the phrase "an award made" after the date when a "after the desired party to the Geneva Convention award made "after the definition of "convention of "convention award" in section 7, was to have some chronological meaning, ie "made" after the date when a "convention the state had acceded directly to the New York Convention, but had acceded directly to the New York Convention, an award would, in the UK, bave been enforceable only at "convention the state had already to the New York Convention, an award would in the UK, bave been enforceable only at "convention the state had not then acceded to the New York Convention the UK under the Geneva Convention until December 23 1975, and under the New York Convention, an award would in the UK been a party to the Geneva Convention until December 23 1975, and under the New York Convention, an award would in the UK been a party to the Geneva Convention, and then acceded to the New York Convention, and then acceded to the York Convention, and then acceded to the York Conv

present appeal, 18; years after the dispute arose, related to that third. That was whether the award was a "convention award" for the purposes of the Arbitration Act 1975.

Section 7(1) of the Act provided that "a 'convention the purpose of the Arbitration The problem revoived round the question whether "made" in the phrase "an award made" the phrase "an award made award made in the phrase as a ward made in the phrase "an award made" after the dest when the problem is section 7, was to have some chronological meaning in "made" after the dest when the problem in the context of the Convention, showed that the construction put forward by known that the construction

that the court need only ask itself two questions: (1) in the territory of what state was the zward made; and (ii) was that state a party lo the convention? It said that the court was not concerned with the date of accession.

That was right. Snow's construction required "is a party to the convention" to be read as if there were added words such as "and was a party when the award was made."

the award was made."

The absence of any reference in the definition to any date relating lo awards which qualified for enforcement, became significant when compared with the language used in other legislation in the same field.

The omission of reference to any date directly or indirectly, and the use of the present tense, "Is a party to the convention." were deliberate and significant.

Bignificant.

Mr Wright, for Snow, submitted that the award could not change its character on July 27 1978, nearly four years after it had been published. Mr Justice Mocatta had accepted that submission.

that submission.

It could easily be shown that awards could and would "change their character," in the sense of a chaoge in basis for their

agreement in the territory of a state... which is party to the New York Convention."

The New York Convention ally in that the award must have needed in the territory of a state which was a party to the Convention on the Execution of Foreign Arbitral Awards 1927.

The Convention when the award was sought to be enforced.

The Convention when the award was sought to be enforced.

Foreign Convention which is party to the Convention when the award was sought to be enforced.

The Convention of policy, and the convention when the award was sought to be enforced.

The Convention of policy, and the convention of policy, and the convention of policy.

There was no reason of policy, in the sense of the presumed intention of Parliament, as expressed in the 1975 Act, which favoured Snow's construction
It was in the interest of the
UK that other contracting states
should enforce awards made in the UK, and it might hope for a wider basis of reciprocity if it enforced all awards made in other contracting states.

Also, unless the convention

Also, unless the convention were denounced in toto, every adherent must enforce all awards made in the territory of every other adherent, past or future. The presumed intention of Parliament, on grounds of policy, did not enter into the question of construction.

Nor was any argument against "retroactivity" of any substance. The presumption against a retrospective construction did not apply 10 statutes which were procedural in nature. A statute dealing merely with recognition or enforcement of prior rights would be classified as procedural under English rules of Private International Law.

rules of Private International
Law.

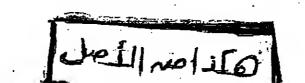
Moreover, if all retrospective
effect were to be avoided in the
present context, one would logic
ally have to go back beyond the
zward to the arbitration agreement Itself.

The evidence showed that
there was nothing internationally
dissonant in his Lordship's construction, which appeared to be
in line with the law in other New
York Convention states.

The award was a convention
award for the purposes of the
1975 Act.
Lord Justice Slephenson and
Lord Justice Fox agreed. Appeal
allowed.

aliowed. For Kunouit: Bernard Rix QC and John Kelly (Charles Russell and Co.). For Snow: Desmond Wright QC and Nicholas Dennis. (Blakensy's).

By Rachel Davies



# SECTION III - INTERNATIONAL MARKETS FINANCIALTIMES

Australian farmers jubilant, Page 35

Tuesday March 22 1983

**WALL STREET** 

# Treasury's demands dominate

THE WEEK opened nervously on Wall Street as credit markets braced themselves for the major tranche of U.S. treasury financing which has been hanging over them for several weeks, writes Terry Byland in New York.

The uncertainty was all the greater after Friday afternoon's announcement of a \$4.8hn increase in basic money supply, coupled with indications in the market that yields are likely to rise further at today's auction of four-year Treasury hills.

Bot the Dow Jones industrial average closed 7.55 up at 1,125.29, although turnover remained moderate with 72.3m shares traded. Share gains at 832 compared with losses for 723.

For this week, the Treasury has due \$13.5bn in note and bond financings, in addition to the normal weekly hill auctions of around \$12hn. Auctions of four, seven and 20-year issues are planned for today, tomorrow and Thursday respectively.

The 20-year government bonds currently yield nearly 11 per cent in the market, and the new four-year notes announced for auction this week traded on

Standard & Poors 500

STOCK MARKET INDICES

1125.29

508.50

126.02

406.81 439.87

GOLD (per ounce)

London

Frankfurt

Paris (fixing)

New York (Merch)

S414.50

\$414.75

\$414.50

\$422.17

\$420.00

**DJ** Industrials

DJ Transport DJ Utilitles

LONDON FT and Ord

FT-A 500

S&P Composite

End Month Figures

**KEY MARKET MONITORS** 

1980 1981 1982

805.65

329.16

106.58

110.61

558.1

322.20 344.28

£ DM Yen FFr

Lira

March 21 Previous Year and

1117.4

506.27

126.25

149.90

661.0

413.33 446.94

\$125m;

with Ch

1112705

a when-issued hasis on Friday to yield 10.14 per cent compared with only 9.91 per cent on similar issues a few days previously

ØØ

But, with the Federal funds rate a touch easier yesterday morning, credit markets managed to open firmer, with Treasury hill rates giving up few hasis points of the rises over the previous week. The firmer tone reflected technical short-covering by the market professionals, and retail demand remained

Major investors chose to huy stock and close up their positions in the market rather than leave themselves exposed later in the week. Helping the trend towards slightly lower rates was a \$1.2bn customer repurchase by the Federal Reserve.

The early gains in bond prices were trimmed at midsession after the Commerce Department disclosed preliminary figures indicating 4 per cent growth in the U.S. economy in the first quarter of the year. The Federal funds rate ended at 8.75 per cent, unchanged from Friday. The discount rate on threemonth Treasury hills stood at 8.48 per cent and on six-month hills at 8.53 per cent. The benchmark Treasury long bond, the 10% per cent of 2012, ended at 97% after touching 97%.

Share markets remained unsettled by the nervousness of the credit sectors. However, forecasts of a general downward correction in stocks have lost some credence since last week's display of resilience for the present, confidence in the economic recovery in the U.S. further stimulated last week by an upturn

U.S. DOLLAR

1.4875

2.396

240.25 6.91 2.07

14351/2

47.15%

1,4705

24180 241 7.24 2.08

1449

47.57%

1140

1120

1100

STERLING

357½ 10.27

3.08

3.94%

21421/2

70.12% 1.8220

10%

4%

574

9%

a% 9.00

Yleid 9.82

10.51

37

3.55%

354% 10.64%

3.06 3.96

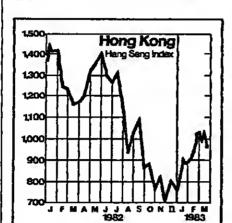
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69.95

in housing starts, offsets the likelihood that falls in interest rates may be delay-

ed. After a pause at midday when prices slipped back for a time, renewed interest was shown towards the close. Among leading industrials General Electric moved up \$% to \$102%. IBM, the market's most widely-held stock, pushed up through the \$100 mark to \$100%.

Resource issues drifted downward in Toronto, leaving the market huoved mainly by the property sector as hanks also showed signs of weakness. Montreal was additionally affected by setbacks in the paper and publishing sec-



**FAR EAST** 

# **Property** problems hit Hong Kong

A SPATE of poor corporate results, notably in the property sector, rode in un-comfortable tandem with foreign exchange nervousness yesterday to take Hong Kong share prices sharply lower, but trading was thin as institutional investors withdrew.

Brokers noted that some fund managers were acting to square their books in the wake of a strong U.S. dollar. The Hang Seng index slid 36.21 to 955.11, but most participants remain confident that a floor will hold at around the 900 mark, the expected trigger level for a renewed overseas huying campaign.

Swire Properties shed 50 cents to HK\$5.45 and International City 11/2 cents to 46 cents after their 1982 earnings reports, depressing Cheung Kong 50 cents to HK\$9.10, Hongkong Land 22 ceots to HK\$3.90 and Sun Hung Kai Properties 55 cents to HK\$6.20.

The profit setbacks have given rise to unconfirmed rumours about financial distress among some middle-line proper-

ty groups, the hrokers said.

Against the trend, First Pacific Holdings added 20 cents to HK\$9.60 after a two-day suspension to announce a seven-for-one rights issue priced at HK\$5, intended to raise some HK\$750m.

Sporadic short-covering pulled prices generally off their day's lows, but of the leaders Hongkong Bank nonetheless finished 15 cents weaker at HK\$8.85, Jardine Matheson 50 cents at HKS13 and Swire Pacific at the same amount at

Active trading in Singapore left values mainly easier after a steady opening, hut the Straits Times industrial index managed to end 0.62 firmer at 847.82. Sin Lim Finance, traded for the first time after going public with the issue of 5m shares at S\$2, closed at S\$2.85 on some 939,000 units.

The Tokyo exchange was closed for a national holiday.

# **AUSTRALIA**

# Resources fall

RESOURCE issues were the most prone to losses in a generally easier Sydney market, hut trading was described as very quiet and many mines regained some ground in the afternoon.

MIM finished seven cents off at AS4 while Western Mining slipped five cents to AS4.05. North Broken Hill was 10 cents lower at A\$2.15. BHP was eight cents lower at AS6.12 unruffled hy the release of an Industries Assistance Committee interim report on the steel industry which it dominates.

Banks showed weakness in Mel-

# **SOUTH AFRICA**

# Golds easier

A SLIGHT recovery in the hullion price allowed gold shares to recover from the day's lows in Johanneshurg, but they still closed easier on the day.

Southvaal ended R1.50 lower at R58.50 after R57.50 at one stage while Blyvoor closed 25 cents easier at R15.75 after a one time R15.25. Other minings and financials shadowed golds, with Anglo American down 35 cents at R19.40 and De Beers 10 cents easier at R7.95. Industrials also eased with losses outnumbering gains by around two to one.

### LONDON

# A bout of nerves takes toll

STERLING'S persisting weakness, following the upheaval in the European System, reverberated throughout London stock markets yesterday. Leading shares were marked down sharply at the outset and Government stocks sustained sizeable falls as markets became increasingly nervous.

Continuing fears of an oil price war also contributed to the nervous mood. which resulted in a demoralising start to the three-week Easter trading account.

Government stocks also had to contend with last Friday's announcement of a sharper than expected rise in U.S. money supply figures, which reawakened worries about higher shortterm American interest rates.

Against this hackground, long-dated stocks were soon showing losses of 1/4, and by the close losses ranged to a point and occasionally more.

Agreement on the realignment of EMS currencies steadied the market around noon, but had little lasting impact, although quotations tended to rally fractionally in the after-hours dealings. Falls in the shorts range to % and the FT Government securities index lost 0.72 to

The extent of the initial reaction in leading shares was well illustrated by the FT Industrial Ordinary, share index, which recorded a loss of 10 points at the first calculation. Very little stock came on offer following the defensive mark-down and after drifting off further to ex-tend the loss of 122 at 11am, the index gradually picked up to close 8.5 down on balance at 852.5.

In contrast to the leaders, many secondary issues, particularly some of the recent speculative favourites, met renewed selling, and falls in FT-quoted industrials outnumbered rises by nearly three to one.

Mining markets began the week on a

flat note after another poor performance hy precious metals and the majority of base metals. South African golds resumed their recent downward trend as bullion fell \$7 to \$414.5 an ounce, after

Little selling pressure was reported hut share prices were marked down sharply before steadying around midday. Trading in the afternoon was minimal although the market held reasonably steady owing to modest support form the U.S.

The FT gold mines index dropped 15.6 to 535.6, its lowest level since December 23 and its sixth decline in the past seven trading days.

In the heavyweights, losses exceeding a full point were common to Hartbeest at £46%, Vaal Reefs at £63, and Western Holdings at £30%, while the cheaperprices issues were featured by West Rand Consolidated, 44p lower at 492p, and Western Areas which gave up 22p to 346p. Loraine fell 29p to 380p. Share information services, Pages 36-37

### EUROPE

# EMS accord gives late impetus

THE European Monetary System realignment talks in Brussels kept investors on the sidelines for much of the day throughout Europe. However, the Finance Ministers' agreement gave a spur to late trading in a number of centres.

In Frankfurt, the announcement of an effective 8 per cent change in parity between the mark and the French franc sparked a recovery which enabled shares to win back almost all their earlier losses. The Commerzhank index, reflecting prices at the weaker midsession - when it is calculated - bad slipped 3.40 to 858.20, well below last Thursday's 13 year high of 865.40.

The EMS accord failed to have any effect on the domestic bond market, which was weaker from the outset. Expectations that U.S. interest rates are set to rise and that there is little scope for West German rates to fall, further depressed this sector.

Downpour leaves

Meanwhile, the Bundeshank bought public sector honds totalling DM 45.6m to balance the market, compared with purchases of only DM 4m on Friday.

In banks Commerzbank picked up DM 3.70 from opening levels to finish DM 2 higher on the day at DM 158.30, while Dresdner recovered to end DM 1 abead at DM 166. BHF continued to firm on market rumours of strong 1982 profits, closing DM 10 higher at DM 275.50.

In Paris, the prospect of a new round of Government imposed austerity measures, in the wake of the EMS agreement, drove share prices sharply lower. President François Mitterrand's televised speech to the nation tomorrow is seen as the likely time for such an announcement and the market is expected

to remain depressed until then. In Amsterdam, stocks revived in late trading and turnover picked up, even though the market had not had time to assess the results of the realignment. Among Dutch internationals, KLM fell Fl 2.40 to Fl 163.50.

In banks, ABN lost Fl 8 to Fl 350 and NMB was FI 3 lower at FI 146. Elsewhere, the normally inactive Holland Sea Search was officially traded after announcing new oil finds in the North Sea last week. It was quoted at Fl 3.50, 20 cents lower than last Friday. Domestic bonds were a few cents lower in thin

Stock prices closed mixed in Zurich hefore the EMS agreement was announced - after one of the lightest trading sessions for weeks.

The Bond market closed steady, also in quiet trading, with investors coofused about recent interest rate development and concerned over a further rise in Eurodollar deposit rates.

In Brussels, stocks were broadly lower in active, though uncertain, trading. Dealers said the market did not have time to react to the EMS realignment during the session. The Belgian shares index stood at 111.36, compared with Friday's 111.51, while the All-shares index registered 262.25, compared with 266.81.

Milan went against the general trend with prices sharply higher in very active trading, in response to last Friday's final approval of legislation allowing the creation of Italian-hased mutual funds and permitting companies to revalue many of their real assets.

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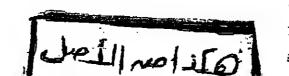
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# WORLD STOCK MARKETS

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Delhalze	Elektrowatt.	## 25   10   10   10   10   10   10   10   1	Mar.   Mar.   17   17   17   17   17   17   17   1	Mar. Mar. Mar. year 15 14 age 15 14 age 16 15 14 age 17 16 15 14 age 17 16 16 17 17 age 18 18 18 18 18 18 18 18 18 18 18 18 18	Indicativists
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Delhalze	Elektrowatt.	## 25   10   10   10   10   10   10   10   1	Mar.   Mar.   Mar.   17   17   17   18   17   17   17   18   17   17	Mar. Mar. Mar. year 16 15 14 ege 18 1.54 69.05 83.14 83.56 82.70 69.51 671.5 673.6 666.8 663.1 659.7 667.0 591.3 240.6 10.06 10.04 10.14 10.75 12.01 12.04 11.92 11.84 23.678 24.213 25.026 21.010 212.97 226.87.206.33 101.54 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.632.1 10m 650.7. 651.2. d int. 1928. Industrial 1/7/35. 6 8025.  S.E. ACTIVITY  Mar. Mar. 12 17  — Deity Gift Edged Bargeins 212.9 251.4 Equities Bargains 156.0 1139.4 55 Velue	Industrials
Delhalze	Elektrowatt.	## 25   105   155	Mar.   Mar.   Mar.   Mar.   17	Mar. Mar. Mar. year 16 15 14 ege 18 1.54 69.05 83.14 83.56 82.70 69.51 671.5 673.6 666.8 663.1 659.7 667.0 591.3 240.6 10.06 10.04 10.14 10.75 12.01 12.04 11.92 11.84 23.678 24.213 25.026 21.010 212.97 226.87.206.33 101.54 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.632.1 10m 650.7. 651.2. d int. 1928. Industrial 1/7/35. 6 8025.  S.E. ACTIVITY  Mar. Mar. 12 17  — Deity Gift Edged Bargeins 212.9 251.4 Equities Bargains 156.0 1139.4 55 Velue	Industrials   125.28   117.74   116.87   116.87   116.87   124.82   114.76   124.76   124.76   124.77   126.82   124.74   127.72   127.7
Cocker     4,500   -10	Elsktrowatt.	## 25   10   10   10   10   10   10   10   1	Mar.   Mar.   Mar.   Mar.   17	Mar. Mar. Mar. year 16 15 14 ege 18 1.54 69.05 83.14 83.56 82.70 69.51 671.5 673.6 666.8 663.1 659.7 667.0 591.3 240.6 10.06 10.04 10.14 10.75 12.01 12.04 11.92 11.84 23.678 24.213 25.026 21.010 212.97 226.87.206.33 101.54 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.632.1 10m 650.7. 651.2. d int. 1928. Industrial 1/7/35. 6 8025.  S.E. ACTIVITY  Mar. Mar. 12 17  — Deity Gift Edged Bargeins 212.9 251.4 Equities Bargains 156.0 1139.4 55 Velue	Transport   506.5   506.27   504.05   504.92   503.02   500.0   511.12   512.27   511.12
Cocker     4,500   -10	Elistrawatt	## 25   10   25   15   15   15   15   15   15   15	Mar.   Mar.   Mar.   17	Mar. Mar. Mar. year 16 15 14 ege 18 1.54 69.05 83.14 83.56 82.70 69.51 671.5 673.6 666.8 663.1 659.7 667.0 591.3 240.6 10.06 10.04 10.14 10.75 12.01 12.04 11.92 11.84 23.678 24.213 25.026 21.010 212.97 226.87.206.33 101.54 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.634 148.5 154.2 185.0 836.2 16.632.1 10m 650.7. 651.2. d int. 1928. Industrial 1/7/35. 6 8025.  S.E. ACTIVITY  Mar. Mar. 12 17  — Deity Gift Edged Bargeins 212.9 251.4 Equities Bargains 156.0 1139.4 55 Velue	Transport   500.5   506.27   504.06   504.92   503.02   500.18   511.12   728.82   1941.74   41.22   727.03   727.03   727.03   727.03   727.03   728.03   728.04
Cocker     4,500   -10	Elightrowath.   2,680   500   510	## 124 125 125 125 125 125 125 125 125 125 125	Mar.   Mar.   Mar.   Mar.   17	Mar. Mar. year 15 14 ege 15 14 ege 16 15 14 ege 17 15 14 ege 17 15 14 ege 17 16 15 14 ege 17 16 15 14 ege 17 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16	Transpart   125.28   1177.76   1118.87   1118.8   1126.52   1114.66   1141.76   778.82   1141.76   1141.7
Delhalize	Elisktrawatta	## PRICES  PRICES  Price   10   10   10   10   10   10   10   1	Mar.   Mar.   Mar.   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   18	Mar. Mar. Mar. year 15 14 ege 15 14 ege 16 15 14 ege 17 15 15 14 ege 17 15 15 15 15 15 15 15 15 15 15 15 15 15	Transport   500.5   506.27   504.06   504.92   503.02   500.18   511.12   270.078   144.74   171.82
Delihalize	Elightrowath	## PRICES  PRICES  Price   10   10   10   10   10   10   10   1	Mar.   Mar.   Mar.   Mar.   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   18	Mar. Mar. Mar. year 15 14 age 15 14 age 15 14 age 16 15 14 age 17 15 14 age 17 15 14 age 17 15 14 age 18 15 16 16 16 16 16 16 16 16 16 16 16 16 16	Transport   125.28   1177.76   1718.87   1718.8   1724.52   1114.46   1141.76   1774.82   1741.76   1772.82   1741.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1772.82   1742.76   1742.77   1742.76   1742.77   1742.76   1742.77   1742.76   1742.77   1742.76   1742.77   1742.76   1742.77   1742
Section   Sect	Elisktrowatt.	## PRICES    Price   P	Mar.   Mar.   Mar.   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   18	Mar. Mar. Mar. year 15 14 age 15 14 age 15 14 age 16 15 14 age 17 15 14 age 17 15 14 age 17 15 14 age 18 15 16 16 16 16 16 16 16 16 16 16 16 16 16	Transport   506.5   SUG.ZZ   SH4.65   SH4.52   SUG.RZ
Controlled	Elisktrowatt.	## 17.5   1.	Mar.   Mar.   Mar.   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   17   18   18	Mar. Mar. Jege  B1.40 21.88 B1.54 69.05  B3.14 B3.56 B2.70 69.51  671.5 673.6 666.8 668.1  559.7 567.0 591.3 240.6  10.06 10.04 20.14 10.75  12.01 12.04 11.92 11.84  23,678 24.213 25.026 21.010  212.97 226.87.206.33 101.54  20,147 20,845 22,851 16,624  148.5 154.2 185.0 836.2  1649.2 1 pm 650.7.  651.2 d int. 1928 Industrial 1/7/35.  6 3025.  S.E. ACTIVITY  Mar. Mar. 12 17  - Deity  8 Gitt Edgard  Bargeins 212.9 251.4  5 Equities  7 Carrello Section 1159.4  3 Carrello Section 125.0  Bargeins 156.0 1139.4  3 Carrello Section 157.16  5 Carrello Section 150.54  5 Carrello Sectio	Transport   596.5   S06.27   S94.65   S94.92   S02.92   S02.92   S06.93   S11.12   222.1   S11.12   S11.1
Continued from Page 30   Continued from Page	Elisktrowatt.	## PRICES    Price   P	Mar.   Mar.   Mor.   17   18   17   17   18   17   18   17   17	Mar. Mar. Mar. year 15 14 age 15 14 age 15 14 age 16 15 14 age 17 15 15 14 age 17 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16	Transport   596.5   596.27   594.96   594.92   592.02   590.18   511.12   222.12   511.12   121.02   122.02   426.25   126.34   125.95   127.26   128.98   129.03   149.03   109.03



# **COMMODITIES AND AGRICULTURE**

# Weak £ pushes tin to record highs

By Richard Mooney

THE WEAKNESS of sterling plus increased physical demand pushed tin prices to record highs on the London Metal Exchange yesterday. The cash quotation for standard grade metal ended the day £60 up at £9,182.50 a

But the fall in the pound was not enough to prevent a sharp decline in the copper price, though dealers said it did belp to enshion the fall. Copper market sentiment was confused with set-backs in gold and oil prices and the approximent of a 24th in gold and oil prices and the announcement of a 24th successive weekly riss in LME stocks outweighing the bullish influence of sterling's fall. Cash high grade copper ended the day £21,75 down at £1,650.25 a tonne.

The 3,725 tonnes rise in LME warehouse stocks of copper took the total to 366,475 tonnes, the highest level for more than four years.

years. Meanwhile, stocks of tin were up by a modest 395 tonnes to 37,330 tonnes, and

lead stocks by 160 tonnes to 145,900. Zine stocks were down by 1,025 tonnes at 90,200 and aluminium stocks by 1.725 tonnes to 263,200. Stocks of nickel rose 534 tonnes to 11.844 but silver stocks fell 10,000 trey ounces

• Magma Copper Co, part of Newmont Mining, will open labour negotiations with copper workers on March 25. according to Mr Michael Brodrick, Newmont personnel manager, reports Reuter from New York. The current connew york. The current con-tract expires on July 1. Mr Brodrick said Pinto Valley Cor x, Magma's newly-acquired subsidiary,

will negotiate separately with

its employees.

# Australia jubilant as rains drench country

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE BEER flowed and strong received no rain, and South men wept as soaking rains swept across much of drought-stricken

Central Queensland and New South Wales were drenched, and with gales and heavy rains sweeping into Victoria, farming leaders cautiously forecast a break in the country's crippling five-year drought.
Mr Bob Howko, Australia's
new Labor Prime Minister.

whose Government has inherited a soggy economy, said the downpours were "tremendous." In rural pubs across the continent, the monsoonal drenchings were celebrated with a flash flood

The drought has slashed farm incomes, and harmed exports. An estimated Im Australians depend on the farm sector for jobs. In New South Wales alone, an estimated A\$1bn (£580m) was lost last year because of drought, but yesterday, farmors and graziers were applying to the banks for restocking loans, confident of further point. further rains.

However, part of drought- Koornhof, co-operation and ravaged Western Victoria have development minister said.

BY DAI HAYWARD IN WELLINGTON

five times as much wool as it did last year. Shipments so far have been 4,563 tonnes com-

season.
The increased buying bas put Pakistan into the top ten of years ago the same purchase New Zealand's best customers. The UK has increased its buying from 13,000 tonnes to through the New Zealand 17,000 tonnes and the Nether-outtion system during the first lands from 7,900 tonnes to seven months of the season was 11,300 tonnes. However, purchases from Japan the USSR. down 1 oer cent.

showers.

Despite good falls in Queens land, the state cabinet yester-day declared four more sreas drought-stricken, bringing to 70 per cent the area officially drought-declared.

Australia has seen only light

In Sydney, which was lashed by gales, the mood was more confident, Mr Dick O'Brien, vice-president of the Livestock and Grain Producers' Associa-tion of NSW, said that if follow-up rains fell later this week, graziers could hold onto their livestock, and cereal farmers

would be saved.

Despite Mr Hawke's jubliation, the formor prime minister.
Mr Malcolm Fraser, was not so Nareen, Victoria, was dry yes-terday, though the former statesman was "keeping his fingers crossed."

The South African Government will give financial aid to white farmers and rural black areas hit by the drought with R20m (£12.19m) to be given to aix black homelands, Mr Piet Kournhof connection and

# Pakistan/NZ wool trade

PAKISTAN has dramstically France, Iran and Australis are increased its wool huying from all down.

New Zealand this season. In the Followin Following the March devaluaseven months it bought tion of the New Zealand dollar, New Zealand wool is now extremely cheap for overseas have been 4,563 tonnes com-buyers. In today's values, one pared with only 864 tonnes last bale of sverage New Zealand wool would cost a Japanese buyer Y64,000 (£177.77). Five

# Coffee prices fall back sharply

By Richard Mooney

COFFEE PRICES fell back sharply on the London futures

sharply on the London futures market yesterday as a trader whose buying had been largely responsible for the recent strong rise became a seller. The May quotation, which rose £107.50 to e 3j-year high last wook, closed yesterday at £1,811.50 a tenne, down £34.50 from Friday's level.

The weakness of storling had beloed to lift the price to £1,873.50 e tenne early in the day but the rise was balted by heavy selling at an established resistance point. resistance point.
The easing of the technical

squeeze on nearby delivery positions continued. The premium for May delivery over July, which reached £200 s tonne last week, narrowed to about £140.

● ISRAELI avocado exports are proceeding according to schedulo despito the severe winter. The export target is set at 40,000 tonnes and 30,000 tonnes have been shipped abroad so far. No proceeding difficulties with the marketing difficulties with the remaindor are expected.

TANZANIA'S sistal production dropped from 200,000 tonnes in 1978 to 74,000 tonnes in 1981, due mainly to s lack of replacements for worn out machinery. Re-equipment costs ere estimated at \$14.93m (£9.88m).

• SUGAR imports by the USSR in January-November 1982 rose to 7.21m tonnes raw value from 4.82m tonnes in the same period the previous year. · A WINDSTORM that struck

Guatemala and Hondurao coused widespread damage to banana plantotions and will cause temporary shortages on the world market. Del Monto Banana Company preliminary estimates place the industry losses et 18m boxes—about 720m lbs of bananas.

# Erosion threatens huge areas of farmland

SOIL EROSION problems are much nearer at hand than most people forming western Europe's and Britain's cultivated plains and hills may re-

Certainly, there is an increasing swareness among research scientists and odvisers that some modern systems of crop production accelerate erosion and degradation of vulnerable soils—and that far too little at-tention is being paid to this either by those who fund re-search or by most farmers. This was tho message from a

recent workshop organised by the EEC's co-ordinated agricultural research programme. De-tails of the particular circum-stances in oll member states were presented and discussed.

Large areas of the world'a agricultural land are now suffering from severe soil erosion and re-lated forms of land dogradation. Annually, buge areas are either entirely lost for production or have their productive potential seriously reduced, said Dr D. W. Sanders, senior officer in soil conservation in the land and

water development division of FAO. As much as 2bn hectares of hectares of sands (mainly in land are estimated to bave been lost in the past, while some and the Vole of York) and 1.5bn hectares are under cultivation in the world today. It in the Fens were et high risk has also been estimated that from wind.

Mary Cherry sees growing awareness of soil degradation problems

5-7m bectares of land are being

of the University of Trier, West and cultivation practices that do Germany, said: "it is mainly e problom with regard to the cost-benefit relation of agricultural production."

Water erosion, except when

lost annually through ooil degradation.

In Western Europe, the situation is not so dramstic or so directly related to poverty and hunger but as Dr Gerold Richter on the soil surface to hold it, and sufficiently reparatives that described the soil surface to hold it, and sufficiently reparatives that described the soil surface to hold it, and sufficiently reparatives that described the soil surface to hold it.

Soil erosion is not generally guilles develop, is much less problem of quickly advancing obvious except to the expert eye. soil eroston is not generally guilles develop, is much less a problem of quickly advancing obvious except to the expert eye. soil destruction, but one of Yet it is dowly removing good slowly progressing soil degradation. The more soil is affected, of the Soil Survey of England the smaller the harvest becomes. And Wales. He reckons that

Costs increase as more land wales. He reckons thet about 21 per cent of the arable about 21 per cent of the arable land of England and Wales is potentially erodible by water when and recognised srea of soil loss or soll vulnerability—particularly when it takes away sizeablo areas of young sugar beet or vegetables.

Dr. Brian Davies. ADAS Dr Brian Davies, ADAS to April. Potetoes and sugar regional soil scientist et Camberdage, said that about 2,000 June. Land down to horticulhectares of sands (mainly in tural crops, a soft fruit or un-

Poradoxically, some of the just s small slart in an effort techniques introduced to imto halt this inconspicuous loss nrovo oroductivity of crops are ond protect our solla.

encouraging this undermining of the soil while masking its

For example, "tramlining" (the marking out of a cropped field, such as cereals, with machino wheel marks which are then followed for all successive field operations) may provide channels for soil to wash oway

even under a gontle slope.

The increasing ores of winter cereals, cootinuous arable land without a grass break, tho working of land up and down e slope rather than across, are just a few trands which favour just a few trends wblcb favour

As crop varioties have improved and more fertiliser have been used, tho high yields they bove engendered may well have been hiding loss of inhorent potential in the soil

itself.
All this points to the need for more monitoring and more research to answer some fundamental questions obout soil movement. This year, the Ministry of Agriculture has ctarted an acriel photography project lo monitor water erosion of arable land, and the ministry and the Soll Survey of England and Wales are grassed orchards can suffer devising a national system of erosion throughout the year. erosion notification. This is

# Potato stock feed offer

BY OUR COMMODITIES STAFF wbolesale markets have prompted the Potato Marketing Board to take early action to encourage the diversion of surplus supplies to livestock

feeding.
The board has told producers who have contracted to bold o proportion of their crops off the market in return for guaranteeing a price of £50 a tonne that they can "buy back" these supplies for £20 o tonne provided they are used for

SAGGING POTATO prices on very period, which have already been dolayed. If the market does not respond, March contracts, which are about to be delayed, will also be released. The initial release affects about half the 137,000 tonnes contracted under the three

delivery months. Supplies diverted for stock feed will have to be dressed to the normal ware standard and then dyed purple

The current market price is stock feed. just above £50 g tonne but
The release affects contracts looks like slipping below the
for the Jannary/February deliguarantee level before too long.

# **Poor feedgrains prospects**

BY OUR COMMODITIES STAFF

THE WORLD trade outlook for feedgrains in the coming year can only be described as disastrous, according to o report published by Agra Europe, the Brussels-based intelligence bulletin.

It says carryover stocks by the end of the 1982-83 season are forecast to reach nearly 20.5 per cent of total production, compared with 16.5 per cent in 1981-82.

World wheat prices are foreworld wheat prices a

After several years of expan slowing down in the rate of predicts. It describes the out-look for wheat exporters es bleak."

cast to continue under the major producers in 1983," saya Agra Europe, a record world crop of 471.4m world Food Supply and Trade tonnes.

World Food Supply and Trade Outlook 1983. £30.

### PRICE CHANGES = **BRITISH COMMODITY MARKETS**

5 U.S.

compared with FFr 98,000 (\$424.82) in the morning and FFr 96,000 (\$430.49) on Friday ternoon. In Zurich gold finished at

3 per troy ounce

Yest'rday's +or Susinoss

Yest'day's + or Business close - Done

5 t.3.
per tonne
328.00 -2.00 228.06.28.00
220.50 -0.20 227.00.25.50
280.00 +0.25 222.35.27.5
280.00 +0.25 222.35.27.5
280.50 +2.00 222.00.22.00
280.50 -0.75 225.00.25.00
280.50 -0.55 -0.27.00.25.00
280.50 -0.55 -0.55

in tonnes unless stated otherwise	Mar. 21 1983	+ or	Month ago		Mar. 21 1984	+ or	Month
Metals Aluminium Free Mkt	51256/1265 21050.26 £1091.70 £1060.5 £1060.5 £1060.5 £1060.5 £293.0 £293.0 £304.35 £304.50 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44 £304.44	-10 -21,75 -81 -19 -30 -10 +0.25 +1 -10 -1,25 -18,8 -18,16	21097 21097 21128.25 21073.8 21105.86 2504.0 2306 2317.5 24384	Cooos ship"t" Fut. May Coffee Pt. May Cotton A. Index Gas Oll Apr	\$372.5x \$325y \$345.73 £147.00 £147.00 £136.00 £136.00 £1843.5 £1811.5 79.30c \$226.60	-2.8 -0.56 -1.0 +5.5 -4 -24.58 +0.78	£317 \$377.5 \$315 \$245.0 £180.60 £149.00 £131.80 £131.80 £131.80 £141.00 £141.00 £141.00
Wolfem 22,94 ib Zinc Cash O mitis Producers	\$85,75 \$88:90 \$409 \$467	+9	\$80,65 \$80,65 \$445,8 \$460,75	Rubbert kilo] Sugar (Raw) Woolt'ps 64 z.  ‡ Unquoted. † Per 16-lb fi n Nominal.	2106yz 405p kilo x April.	-1	£106 402pkllo ch-April.

# LONDON OIL SPOT PRICES

	Latete	Change
CRUDE OIL FOS (I Arabian Light Iranion Light	128,00-28,1	9: -O.F
North Sea (Forties) North Sea (Brent) African(Bonny Lift)	28.00 28.00 88.00	-0,8

PRODUCTS—North West Europe CIF (\$ per tonne) 

# **GOLD MARKETS**

GORD LETT 31 NT OS TLAM
Friday's close in the London
bullion market yesterday to
finish at \$414-415. The metal
opened at \$412-413 and traded
between a high of \$415;-416; and
a low of \$4101-4115. Trading was
rather quiet and uneventful with
little reaction to the latest
realignment of EMS currencies.
In Frankfurt the 121-kilo bar
was fixed at DM 31.950 per kilo
wee fixed at DM 31,950 per kilo 3414.51 per oz) against
DM 32,425 (\$422.0) and closed at
\$414.4154. In Luxembourg the dollar per
In Luxembourg the dollar per
an apprintment of the 107 bills

LONDON FUTURES oz equivalent of the 121 kilo bar at the fixing was \$413.0. In Paris the 121-kilo bar was fixed at FFr 98,000 per kilo (\$422.17 per oz) in the afternoon Turnover: 758 (470) lots oi 100 troy ounces.

Mar. 12 Mar. 21 Gold Bullon (fine Ounce) (£201 4-982) (£279 4-270) 6£279\_501| (£261,505) (£28234-2854e1 (£27814-280) (£279-740) (£282-751) Krisgrad 342?is-428is (£290is-301.si lidng Sov \$101.103 |£68is-70| is Krg \$330is 2014 |£249is-150is| Victoria Sov \$101.103 |£68is-70| is Krg \$112is-115is (£78,52-77,00) | French 20s \$83.1-89.7 (£557s-0.5) | 50 pesso Mex \$605.611 | 100 Cor. Aust \$401.8 440.7 (£2178-275is) | 100 Cor. Aust \$401.7 (£2178-275is) | 100 Cor. Aust \$401.8 440.7 (£2178-275is) | 100 Cor. Aust \$

**EUROPEAN MARKETS** PARIS, March 21.

Coops—(FFc cer 100 ke): Mar 1310/
1340, May 1385/1368; July 1410 ask,
Sept 1655 ssk. Oec 1440/1450, Mar
1470 ask. May 1490 ask.
Sugar—(FFc per tonne): May 1575/
1680, July 1845/1655, Aug 1650/1680,
Oct 1675/1655, Nov 1680/1680, 5ec
1745/1755, Mar 1840/1855, May 1895/
1810.

ROTTEROAM, Merch 21.

Wheet—(US3 per tonne): U.8. No
Two Rad Winter April 161, May 162,
June 156, July 165, Aug 167, U.S. No
Three Amber Surum April/May 180,
June 180, July 180, Aug 191, U.S. No
Two Northern Sociol 14 per cent April
May 221, May/Sept 222 sellem.

### BASE METALS

COPPER PRICES fell sharply on the London Matal Exchange reflecting currency uncertainties, weak oil and precious metal prices and a sherp fell on Comex. Three months copper dipped to a low of £1.076 before recovering to close the late kerb of £1.082. Nickel fell to £3,322,5 on profitaking while currency conciderations left Aluminium and Zinc at £869,5 and £467.5 respectively. Lead closed at E1,082. Nickel fell to L3,324,0 to taking while currency considerations left Alamminum and Zinc et 1869,5 and E467.5 respectively. Lead clead at E304.5. Tin was finelly at a record £3,150 boosted by the chero fell in starling and reported physical demand.

would have cost Y87,000.

The amount of wool sold

Wheat Fut. May £138.00 -1,0 £131.20 NoR Hard Wint #	COPPER
her commt dities cook ship 1° C1288,5 +5,5 C1360	COPPER Official - Unofficial -
Fut May 01845.5 -4 C1323.5 Coffee Ft May 61811.5 -54.5 21641.0	High Crde £ £ £ £
Cotton A. Index 79.30c c c 78.74.25c c c 78.74.25c c c 78.74.25c c c 79.30c c 7	Cash
GAS OIL FUTURES  The morket sank into a catatonic state today, with no interest on either side. Prices moved lower in the lightest voluree for more then a year with no news and a etagenent physical market. New York was equally uninteresting, reports Premier Men.	78.50, 79.00, 79.00 79.50. Cathodes: Cash £1,029.50, three months £1,059. Karb: Higher Grade, three months £1,060, B1, B2. Atternoon: Higher Cmde, three menths £1,081, 81.50, 80, 81, 18.50. Cathodes: Three months £1,061. Kerb: Higher Crade, three months £1,061. Sept. 1081.50, 82. Tumover: 10,625 tonnes.

TIN				
TIN	a.m. Official		p.m. Unofficial	₽°
High Crdo Chah	9080-5 9080-5 9085 \$\$30,33	+57	9100-5 0120-0 9100-0 0120-5	+80 +61,5 +60 +81,5
monthe & Otanderd, noon: Sta 30, 35, 40 dard three	three me inderd, ti ), 30, 35, e months	95, 8, onths hree 30, 2	100, 05. 1 £9,110. /	, 36,

LEAD					
LEAD	a,m. Official	+ or	p.m. Unofficia	<u>(† '</u>	
Cash 3 months Settlem't U.S. Spot	292.5 303.5-4 292.5	2 -1 76	£ 298-4 504.5	+1	
months	Morning: £304, 03 303.50, 04	.50.	E292, Kerb:	thre Thre	

months 5 £291, thre 03.50. K	e months	E303	the £304.	2, 0
ZINC	a.m. Official	;÷ or	p.m.	1+ 1
ZINC	Official	!	p.m. Unofficia	H —
Cash 5 months Settlom't Primw'ts	449	- 5 - 4 - 5	451,5-2,5 466,5-7.0 40-,79	-1

ZINC	Official		Unofficia	4
Cash 8 months 8ettlom't Primw'ta	449	45 -5	451,5-2,5 456,5-7.0 *40-,79	-1
64, 64.50. 84. Atte: 65.50, 67. 67.50, 68.	Kerb: Ti moon: The Korb: Turnov	ree m Three er: 9,	months £46 onths £46 onths £46 months 700 tonne	64.90 6, 6: £46
ALUM	JINIU	M		
				$\overline{}$

Alumin m	a.m.	+ or	p.m. Unofficial	+-
Spot 8 months	£ 237,5-8.0 8645	€ -7.5 -7.5	€ 841.5-2.5 8685	+5 -1
£863, 63.5 Three mo Three mo 68, 67, months £ over: 14,0	0, 64, 63, nths 1965 nths 1968, 67.50, 66 969, 69, 6	64, ( , 64.5 87.5 8.00. 8.50,	Three m 54.50 64. 50, Alten 5, 67, 66.5 Kerb: 69 70.	Keri hoo D. 6 Thr
NICK	EL			

NICKEL	a.m. Official	+ or.	p.m. Unofficial	+ or
I t On prev	per peu lous unot Meming: the £3,376 , 40 35,	ind. fficiel Casi 0, 50, 30, 35	M\$ per ciose. h £3,265, 40, 30, 21,	kilo. , 60, 0, 30, Kerb:

# noon: Three menthe £3,350, 45, 40, 45, 40, 35, 30, 25, 20, Karb; Three monthe £3,320, 15 20. Tumover: 3,768 tonnes.

LASS—Turnover 151 (166) lots of 10,000 ozs. Moming: Three months 703.0, Afternoon: Three months 713.0, 15.5, 15.0, 14.0, 17.0, 17.5, Kerb: Three months 718.0, 19.0. SILVER Bullion + or LM.E. + or

•	troy oz.	prico	Unolfi	ō'l
	S months. 3 months. 18months	727,85 <sub>0</sub> .	-19.6 700.0 -18.1 717.7 -18.8 -	80
	Salver to lower for bullion m	epot deli arket ye	19.6p envery in the sterday at	Lon 691
7	wern! spo	t \$10.24, 2.476, dow	the fixing down 37.50 on 37.00; ei 1c; and 1	: thi
	\$11.213. d	own 37.00 o <i>(</i> \$10.24	. The metal -\$10.29) and	ope
i	COCC	A		

futures in as a result taking bel neon to er	within 9 Eldelly came t of commis ore rallying ad only men ous close	unde slon-ho during ginally	f pressure puse profit- the sfter- lower then
COCOA	Yest'day's	+ 01	9 uniness Done
	Epertonno		
March May July Sept	1243-44 1264-60	7.0 4.0 0.8 - 0.5	1957-82 1275-51

March	/1230-31	;— 7.D	1244-3
B.d	·1 243 44	- 4.0 - 0.8	1957-5
July	1264-60	_ o.a	1275-5
Bent	1281-B2	- 0.5	1290.6
Occ	1298-300	+ 0.5	1310-9
July Sept Oec March May	1016-10	1.0	1025.1
May	11595-55	L 1.0	1888.9
Colont 4	975 (9,482)	love of	10 1000
UBIBB: 4,	2/3 (8,704)	loca U	io dinin
ICCO-D 80.34 (91.	Billy Price	l'enter d	nares a
80.34 (91.	40).	IICATOF (	DIILOS
March 22:	83.22 (84.	551.	
COFF	E E		
CUFF			
Trade bu	nino influ	enced a	arly sel
balore ere	saum in	neerbys	trianen
DENIG BIG	346m III		

0011			
Trade bu	ying influer	ced sa	dy sel
balom are:	saum in ne	avenae	triguen
	scline repor		
	ecz. In so		
medica c	ricae flucti	inted	airhia
Reciud, b	nes during	10100	
£35.00 mn	Os aurino	THE	arusmo
palom clos	ino organi	TO B ION	WS
COFFEE	Yesterday's	L	1
COFFEE	Close	+ or	
		1 —	Dono
		1	1
March	190S-20	<b>[-11.5</b>	1250.0
May		-84.5	1873-1
July	1071.72	-3.0	1093.7
Sept	1618-22	+0.0	1640-1
Nov	1068-70	+6.0	1581-6
January	1585-30	+ t0.5	1520-1
March	1492.96	+11.0	1500.9
	74 (0.4831	ate of	S tonn
00100: 3,0	cator price	los	damb.
(U.3. cants	par goun	a). Col	np. da

0 5 7 5 19 19
-

# Moth close | - | olose

perity with May. New crops wem festurcless.

HGCA—Feed wheat: Eestam 130.70.
Scotlend 135.80. Food barley: Eestam 121.30, E. Mids 120.30, N. East 120.30. Seat 120.30. Beast 120.30. Seat 120.30. Beast 120.30. Seat 120.30. Seat

**WOOL FUTURES** LONDON NEW ZEALAND CROSS.
BREDS—Close (in order: buyer, saller business). New Zesland cants per sales omounted to

# kq. Merch unquoted, 389; Mey 397, 408, 400-397; Aug 414, 418, 418-415; Oct 423, 426, 425-424; Deo 426, 432, 431-428; Jan 429, 434, 433-430; Merch 438, 445, nil; Moy 443, 452, 448; Aug 450, 482 nil. Seles: 47. POTATOES

Strong selling on apphing put first trades at £1.50 lower, and lurther oressure throughout the day established new contract lows on Aoril, with May losing atmost oil Friday's geins and closing or the low of the day.

| Yesterdy | Pravious | Business | Month | Yesterdy | Pravious | Business | Done

# April 52,80 | 56,50 | 85,08-82,50 | 80,00-82,50 | 71,00-68,10 | 72,50 | 71,00-68,10 | 75,50 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | 76,60 | ver: 845 (1,1031 loss of 40

NUD	<b>D</b> CN		
upchang Ihraugho Lewis o price lo	physical m red, attre- out the da and Paot re r No 1 RSS 245.0) canu-	tted little by and classification ported of in Kuale	o interes osed dull March loi Lumeur d
No. 1 R.a.s.	Yestordys close	Previous close	Business Done
Apr	£ p	or tonne 745-770	_

MAY718-750	756-775	7750
Apl-Jno :770-779	759-761	752
Jly Sopt 795-707	721.785	799-770
Oct-Dec 991-822	B12-B15	B26-802
JanMoh 842-851	836-840	851-850
Api-Ine-878-878	862-870	880-867
Jly Sept 904-906	891-898	905-894
	919-929	_
Salua: 344 (197	) lots of	is tonnes.
nil (nil) lota of 5	tonnes.	
Physical closin	g prices	(buvers)
Physical closin wers: Opet 70.0	00a (74.00	n): Apri
77.00p (76.00p); I	May 78_50c	(77.25a)
	,	,
SOVARFA	N BAE	
31 J T ABEA1		

prices firm.	Yesterdy's	+ or	Business
	Close		Done
	£	_	
	per tonne	. 1	
April	147.70-48.9	+ 6.40	147.69-47,18
June	149.00-48.5	+2.35	147,58-47,40
August	158,40-58,6	+e.76.	100,28 48,58
October		+2.60	
Dec		+ 9.45	_
Fab			
April	185,80-87,6	+3.50	_
	(98) lots		
	N DIL-Th		
unchanged			
on short (			
tonne): A	pril 398.00	L400 0	400.00
Juna 413.0	330.00	~~	

Feb 455.00-65.00, untraded; April 460.00-80.00, untraded. Turnover: 7 (47) lots of 25 tonnes.	
SUGAR .	
LONDON DAILY SUGAR—Rew sugar £108.00 (£107.00) a tonno cil Marchagil-Ney shipment. White sugar £144.00 (£143.00). The market opened sound pre-weekend levale but orices soon improved. With the pound under pressure selling interest was lecking and quotatione continued re gaio ground and by the close wars some £2.00 shove first treded levals. reports C. Czemikow.	

£ per tonne

May ... 118, 15-16, 20-116, 85-15, 55 | 118, 50-14, 25

Aug ... 128, 85-85, 50-126, 85-26, 60 | 126, 55-21, 65

Oct. ... 188, 80-81, ed. 128, 88-80, ed. 136, 55-21, 65

Oct. ... 188, 80-81, ed. 128, 88-80, ed. 136, 55-28, 50

Dec. ... 169, 25-35, 75, 135, 88-86, ed. 138, 50-85, 90

May ... 146, 90-60, 80 | 188, 55-46, 50

May ... 146, 90-60, 80 | 188, 25-49, 60

Select 1, 708 (1,831) fors of 50 tonnes,
Tate and Lylo delivery price laggmuleted beels whits sugar was
£405-90 (asmo) a tonne for home treda
and £211, 90 | £212, 50) for export.
International Sugar Agreement (U.S.
cants per pound) lob end stowed
Csribbean ports. Prices for Merch 17:
Osily prices 6,08 (5,88); 15-day sverage
Q.12 (9,14).

LIVERPOOL—3pot and shipment sales omounted to 547 tonnes. Users

# TEA AUCTIONS

LONDON TEA AUCTION—34,994
packages were en ofter si this week's
euction, including 5,500 packages of
offshore tose. This was a strong
morket. Assems met good compatition
at fully firm rates, with brighter line
end most brekens 2-23p dearer.
Occer's CTCs were particularly strong
end sold substantially above values
while sythats gained 2p-3p. East
Africans came in for much improved
domand, advancing by 2p-8p and
sometimes more. Central Africans elso
sold well end were generally 2p-3p
dearer. The offshore sale wee strong
with censiderable overseas enquiry and
prices moved 1p-3e higher. Quotations:
Quality 149p e kg (146p), medium
138p e kg (136p), low medium 125e e
kg (122p).

### INDICES \_\_\_\_ FINANCIAL TIMES Mar. 18 Mar. 17 M'th ago Y'ar ago 866,34 863,70 260,19 243,98 (Base: July 1 1952-100) REUTERS Mar. 21 Mar. 18 Mith ago Y'ar ago

1724 1 1722.7 1689.7 1584.9 (Base: September 18 1937=100) MOODY'S Mar. 19 | Mar. 17 M'th ago Y'ar ago 1040.0 1036.1 1077.8 997.0 DOW JONES Spot 187.04 136.84 148.62 128.46 Fut'rs 141.87 146.38 101.76 128.04

The market opened steedy and moved higher on weaker sterling reports T. G. Roddick. Trade buying interest and reserved seiling kept (Base: December 31 1974---100) MEAT/FISH

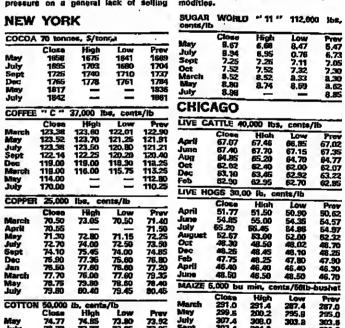
AMERICAN MARKETS trade in a volatile fashion with salling primarily emanating irem expactations of further cuts in the oil price end continued liquidadon by commission houses. However, the failure the follow through on the downside prompted ehort covering late in the day pushing values above unchanged. Copper falled to react to continued indications of en economic recovery with producer price cuts encouraging salling by locels and commission houses. Sugar found good buying interest in resconce to reports of condinued delays, Cocoa prices remained under pressure on a general tack of solling

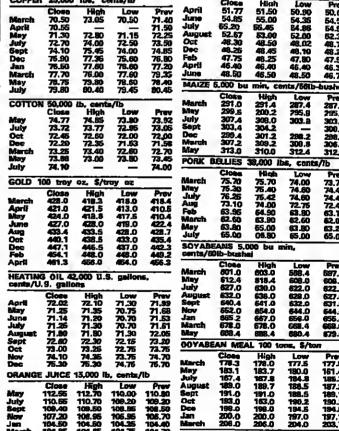
Close High 123,38 123,60 123,52 123,70 122,38 123,50 122,14 122,25 119,00 116,00 114,00 170,00

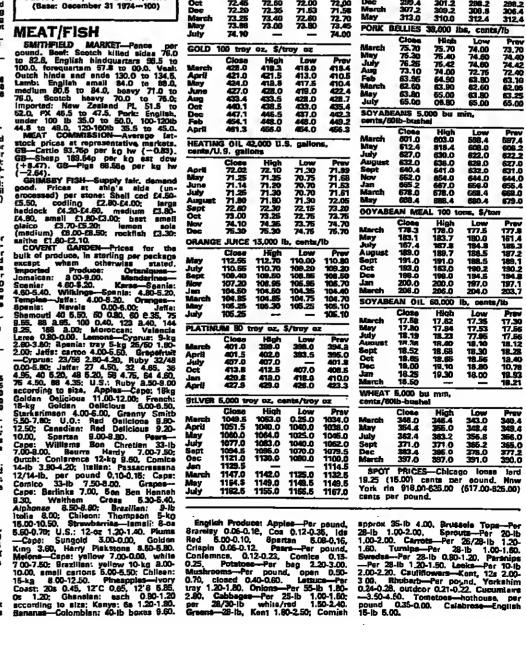
March April May July Sept Dec Jan March May July

**NEW YORK** 

Interest and erbitrage selling co weakness to sterling. Good roaster interest
continued to estract ehert covering in
coffee which puehed values higher.
Cotton continued to move higher on
especiations of good perticipation in
the PIK erogmanne and co Fer East
buying laterest due to the lack of
availability of Soviet cotton. Heating
oil was under pressure from a slow
product market and expectations of
further producer price tests. The grain
and soyabsen complex milled on slow
country movement and expectations of
high participation in the PIK programme. reported Heinold Commodities. SUGAR WORLD "11" 112,000 lbs,







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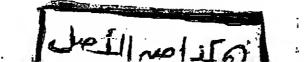
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DOUGHT HENT THISTS COME

THE STATE OF THE ST TRIBUTION THOSE CONTROL OF THE CONTR Financial Times Tuesday March 22 1983 INDUSTRIALS—Continued LEISURE .... Continued Stack Price But But Cw Gra P/E 1982RS | High Low | Stack | Prote - | Hel Gw Gr's PME

V 3/ N

# CURRENCIES, MONEY and CAPITAL MARKETS

### **FOREIGN EXCHANGES** FINANCIAL FUTURES

# Dollar boosted by EMS agreement

The main feature of yester-day's nervous foreign exchange tradiog was a move into the dollor despite the eventual settlement of new parities within the European Monetary System. Early morning rates for EMS currencies tended 19 move values in line with the various leaks and rumours coming out of Sunday's meeting of European finance ministers in Brussels. Theso proved remarkably accurate as far as the realignment of the mojor D-mark and French franc were concerned, although dealers were somewhal surprised at other new rates, and balance of payments deficit. authough dealers were somewhat surprised at othor new ratos, including the revaluation of the Daoish krone. On the other hond the revaluation of the Belgian franc was not unoxpected, despite its recent extreme weakness.

Changes within the EMS released some profit-laking in the D-mark and reopened the possibility of further spaculation against the French franc as sharply and traders were left wendering whether the franc's dayalugtion was sufficient. This moved funds into the U.S.

dollar, which was also boosted by the firmness of Eurodollar inlerest roles. The pound fell to a record low ogainst the dollar and D-mark but in common with the dollar rose sharply against the French

OTHER CURRENCIES

Argentino Peso 05,283.08,486 54,760.64,819
Australie Bolia1, 1,3960 1,3080 1,1595.1,1551
8raz I Cruzeiro 503,17 597.17 403,32 405,34
Finil: n1 Merkka. 8,03408.0551 54,110.5,4130
Groek Drachmo., 124,051 127,208 88,90.84,10
Hong Kong Collar 8,8473-8,8375 6,3900 3,7000
Iran Riol. ...... 197,08\* 6,3900 3,7000
Kuwaitiinan-Kin 197,08\* 0,2923-9,9924
Luxombourg Fr., 39,80 70,19 47,80.47,65
Malzyeix Dollar. 3,832-8,4925 2,2990-2,3030
New Zealond Bir. 2,2550 2,6505 5,3357-1,5361
audi Arab. Riyel 5,9595-6,0655 5,4395 3,4410
Singapora Dollar 5,0750 5,0950 9,0900 2,0950
Sth.Aircan Rand 1,5937-1,5007 1,9864-1,0875
U.A.E. Olrhom. 5,4000-5,5055 8,8719-5,8720

THE POUND SPOT AND FORWARD

1,4700-1,4710
1,8000-1,8070
1,8000-1,8070
2,861-2,3961
1,220-1,1260
1,851-3,564
139,00-143,00
189,00-201,00
2124-2134
19,54-19,56
11,07-11,09
354-25,55
25,00-25,05
3,051-3,064

One month

n/e n/a 2'e-1'spf pm n/a n/e

n/e 12-22lire dis n/e 2-10c dis n/e 1.35-1.15y pm n/e 2-1½ pm

elgian rate is for convertible france. Francial franc 72.90-73.00. ix-month lorward dollar 0.69-0.64c pm. 12-month 1.00-0.85c pm.

DOLLAR — Trade-weighted index (Bank of England) 122.6 against 122.1 six months ago. The deliar has shown renewed strength as a safe haven for funds during 9 time of extreme nucertainty about the effects of falling 911 prices, and npbeaval within the EMS. U.S. interest rates have not fallen as sharply as once expected, parily because of the bigh level of Federal funding. These factors are tending to ontweigh the present trade position and balance of payments deficit.

The deliar rose to DM 2.4180

deficit.

The dollar rose to DM 2.4180 from DM 2.3960 against the D-mark; to FFr 7.24 from FFr 6.91 against the French franc: to SwFr 2.06 from SwFr 2.07 in 1erm; of the Swiss franc; and to Y241 from Y240.25 against the Japanese yen.

Note Rate

24.99.28.20 75.25.74.95 12.30.12.75 10.36.10.75 5.5512.5.5712 0196.2155 388.560 8.99.3.03 10.35.10.75 141.170 188.904 11.00-11.15 8.9814.8.09 1.47.1.49 111.128

1.58 9.43-0.38 pm 1.10 2.07 0.90-0.59 pm 1.22 7.20 57-6 pm 8.31 -6.43 45-100 dis -4.15 - n/a - ... 2.32 51-41, pm 5.82 - n/a - ... - n/e - ..

-7.58 35-50 dis -7.58 -7

STERLING — Treding range against the dollar in 1982-83 is 1.9265 to 1.5005. Trade-weighted index was unchanged all day at 78.9, compared with 91.7 six months ago. Sterling remains weak and vulnerable because of uncertainty about world oil prices. The pound has not been particularly interest rate sensitive, showing little initial reaction to the cut in clearing bank base rates, but fears continue to overhang the currency about a possible price war between Britain and Nigeria despite the recent Opec agreement.

Sterling rose to FFr 10.6450 from FFr 10.27, but fell to DM 3.5575 from DM 3.5650; to SwFr 3.06 from SwFr 3.08; and to Y 354.50 from Y357.50.

The psuod opened at \$1.4840-\$1.4850, the highest level of the day, and fell to a low of \$1.4675-\$1.4685 in the afternoon, before closing at \$1.4700-\$1.4710, a fell

**CURRENCY MOVEMENTS** 

EMS EUROPEAN CURRENCY UNIT RATES Changes are for ECU, thorsfore positive change denotes a weak currency. Adjustment calculated by Financial Times.

of 1.70 cepts from Friday's close. Early trading was very confused within the EMS. The Buodesbank suspended its intervention levels which meant that EMS currencisz ware ollowed to float freely without corrective action by the central hank. In a vary short space Nordic central banks auspended foreign surbangs operations and daily official fixings pending clarification of the realignment terms. Similar measures were announced in several other financial contres including Brussels, Dublin, Madrid and Helsinki. The little trading dono attracted very wide quotations. The full terms of the realignment meant a 5; per cent revaluation of the D-mark, 3; terment of the D

reolignment meant a 5? per cent revaluation of the D-mark, 3? per cent of the D-mark, 3? per cent of the D-mark and 1? per cent of Danish krons and 1. Luxembourg francs. The French franc was devalued by 2? per cent from central rales (meaning an 8 per cent parity change against the D-mark), while the Italian lira was devalued by 2? per cent and the Irish punt 3? per cent all from ECU central rates. The 2? per cent moveper cent all from ECU central rates. The 2½ per cent movement sither side of the central rate was left unchanged. Revised parities meant that the Franch franc is now trading at its lowest level ever against the D-mark, while the Dutch guilder, by virtue of its smaller revaluation, slipped to a 3½-year low against the D-mark,

**CURRENCY RATES** CS/SOR rate for March 19: 1,33213

THE DOLLAR SPOT AND FORWARD

Merch 21	Day's spread	Close	One month	% p.e.	Three	% p.s.
UKt	1,4675-1,4850	1,4700-1,4710	0.22-0.17o pm	1.59	0.43-0.35 pm	1.10
Irelandt	1,2800-1,3300	1,3060-1.3100	n/e	_	n/e	_
Canada	1.2240-1.2258	1.2240-1.2250	0.01cpm-0.03dis	-0.19	0.01-0.06dis	-0.11
NathInd.	2,6500-2,6930	2.6820-2.6930	1.30-1,20c pm	3.60	3.45-3,35 pm	5.08
Belglum	47-25-47.65	47.50-47.65	20-30c dia		40-60 die	-4.22
Denmark	9.5600-8.6800	2.5800-8.6800	2-fore dia	-5.90	61-101 dis	-3.98
W. Ger.	2.3830-2.4200	2.4175-2.4185	1.00-0.95pf pm	4.84	2.78-2.73 pm	4,50
Portugal	0/4	n/e	n/a		n/a	-
Spain	o/a	n/a	n/a		n/a	_
Italy	1443-1460	1445-1453	n/s		n/o	_
Norway	7.2300-7.2800	7.2500-7-2800	2-4ore dis	-4.97	712-912 dis	-4.70
France	7.10-7.26	7.23-7.25	3-7c dis	-8.29	8.13 dis	-5.80
Sweden	7.47-7.52	7.47-7.50	1-11-ore dis		21-31, dis	-1.60
Jepan	240.00-242.10	240.95-241.05	0.58-0.51y pm		1.70-1.62 pm	
Austria	16.80-19.96	12.95'-12.96	9.70-5.80grd pm		181 - 19 om	4.07
Switz.	2.0646-2.0820	2.0795-2.0806	0.97-0.92c pm		2.85-2.80 pm	
† UK	end Ireland a	re quoted in L	J.S. currency. Fo	indivi	premiums and dual cultons	ıd y.

**EXCHANGE CROSS RATES** 

1.4679-1.4850 1.7960-1.8150 3.83-3.98 69,50-71,00 12,56-12,94 1.1170-1.1300 3.52-3.58 138,75-143,75 198,50-203,50 2112-2163 10,60-10,75 10,50-10,72 11,01-11,17

Mar. 21	Pound St'riing	U.B. Dollar	Oautschom'	JapanosoYen	FrenchFranc	Swiss Franc	Dutch Oulld',	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling U.S. Dollar	0,680	1.471	5.558 2.419	384.5 241.1	10.65 7,289	3.060 2.081	3,969 2,693	2129, 1448,	1,801 1,224	69,98 47,87
Coutechemark	0,281	0.413	10,04	99.38	2.992	0,860	1,113	598,5	0,506	19.68
Jepanese Yen 1,000	2,821	4.148		1000.	30.03	8,632	11,17	8006,	8,07 9	197,3
French Franc 10	0.932	1.581	8.342	835.1	10.	2,875	6.720	2000,	1,691	85.71
Swiss Franc	0.827	0.461	1.163	115.8	3,479	1,	1.294	695,8	9,588	22.86
Buteh Cuilder	9,053	0,871	9.898	89.52	2,688	0.775	1.860	337,3	9.455	17.66
Italian Liro 1,000	0,470	9,991	1,871	166.5	5,000	1,457		1000.	0.84 5	82.65
Canadian Collar Belgian Franc 100	9,558 1,439	0.817 2.192	1,976	198,9 506,6	5,919 15.22	1.700 4,875	2.199 8.661	1182. 3044.	2,574	38,85 100,

# **MONEY MARKETS**

# **London rates nervous**

UK clearing bank base lending Treausry bills in band 4 (6491 rate 10 per cept (since March 15 and 16)

Interest rates moved nervously higher on the London money market yeslerday, as sterling lost ground to the dollar and moved arratically against European currencies as a result of the lurmoth in the European Monetary moti in the European Monetary Syslem. Fixed pariod interbank rates rose by about i per cent, reflecting the general upease in financial markets, including con-tinuing concern about the effect of downward spirolling oll prices on the value of the pound.

The Bank of England ferecast this to £300m at noon. Bills meluring in smicial heads, and a take up of bills from Friday's Treasury bill tender absorbed £555m, with the unwinding of resumbles a suppose of the control of the control

daya) at 101 per cent; £70m local suthortly bills in band 4 st 101 per cent, and £72m bank hills in bond 4 (64-84 days) at 10i par

In the afternoon the suthori-

ties purchased another £56m bills outright through £15m bank bills in band 1 at 10 per cent; £19m bank bills in band 2 at 10 per cent; £1m Treasury bills in band 3 at 10 per cent; £19m LONDON MONEY RATES

bank bills in band 3 at 101 per cent; and £2m bank bills in band 4 at 101 per cent. In Frankfurt interest rates had In Frankfurt interest rates had a slightly firmer tone, although overnight money was unchanged at 5.05 per cent. The Bundesbank announced a cut in coupons and yields on discountable Treasury notes issued by the Finance Ministry. The coupon on one and two year notes has been reduced to 4.65 per cent

per cent from 5.70 per cent respectively, cutting the appropriate yields to 4.38 per cent from 4.99 per cent, and to 5.53 per cent from 5.70 per cent. This move followed cuts of 1 per cent in the Bundesbank discount and Lombard rates last week. In Copenhagen the Danish central bank reduced its bank rate to 8½ per cent from 10 per

from 4.75 per cent, and to 5.10

Mar. 9t 1983	'Certilicate of doposit	Interbank	Authority	nepotiable	House Deposits	Comp: 19 Occosits		Treasury Bills o	Bank Bijls ¢	Trado Billa 4
Overnight 9 days notice 7 days or One month One months Thies months Sis months Nine months Anno year	1978-1054 1011-1976 1054-1056 1934-1056 1934-1056	10-19 19 <sup>3</sup> 4-11 10 <sup>1</sup> 3-11 19 <sup>3</sup> 4-19-3 10 <sup>3</sup> 4-19-3 10 <sup>3</sup> 2-19-3 10 <sup>3</sup> 2-19-3 10 <sup>3</sup> 2-19-3	1978 1978 1973 1018 1054 1058 1968	1112-1116 1136-11 1114-1076 1016-976 1944-1973	19% 19% 19% 19% 10%	104-114 11-114 11-116 11-116	19te-105e 101:-105e 101:-105e	194-194 104-104 194-194	19	11 % 11 h
TWO YOURS			ĭĭ					· _		

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# INTEREST RATES

ahort term	7 days nolico	Month	Three Months	Six Moniha	One Year
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		6-7-7			An Bu
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	21a.94	0.4.0	91 <sub>0</sub> .9 <sub>58</sub>	9,4,91	9 in 19
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The Sning mites ste the crithmetic means, rounded to the assess ese-simpents, of the bid and offered rates for \$10m quoted by the market to Swa reference benke at 11 cm each working day. The banke are National Westminster Bank, Bank of Tokya. Ocoteche Bank, Banque Nationale do Paris and Morgae Gueracty Trast.

bld 9 1/2

NEW YORK GERMANY FRANCE IAPAN **SWITZERLAND** Quacount rate ... Overnight rate

NETHERLANDS Discount rate ...
Svamight mio S CERTIFICATES OF DEPOSIT LONG TERM EURO \$ SDR LINKED DEPOSITS ECU LINKED DEPOSITS

# Prices fall

Most soctors showed steady folls in the London International Financial Futures Exchange yesterday. Euro-dollar values wers depressed by a higher cash market. This was mainly a reflection of 9 furthar increase in U.S. weekly money supply figures and a net borrowed reserve figure by commarcial banks. This was described officially as tachnical hut there were still fears that it could harald a tightoning in Federal policy. Thero was also little incentives to move out short positions as the market was faced with this week's buge refunding programme and this kopt the market in quite a norvous stats.

then pushed up befors meeting furthar selling is finish at 90.33. Eurling hosed contracts were affected principally by sterling's weaker performance. Gilt contracts spened lower compared with Friday's closing levels and touched the day's lows before all imited buying. However starling's continued week ness pushed values to the day's lowa. The Juno contract spened at 103-10 down from 103-29 and touched a best level of 103-12 before slipping to its worst lovel of the day at the close to 102-24.

Sbort storling contracts moved in much the same way with the June price starting at S9.90 down from 90.06 ond allipping to 2

LONDON

**CHICAGO** 

points of 100%	\$100,000 32nds of 100%
Close High Low P	ev Lates) High Low Pre
June 90.33 90.35 00.29 90	48 March 75-06 75-17 75-28 76-0
Seg1 90.12 90.14 90.11 90 Dec 89.96 90.00 88.95 00	
March 89.84 89.84 89.84 90.	00 Oec 74-19 74-26 74-08 74-2 - March 74-08 74-14 73-31 74-0
Voluma 848 (762)	
Previous day's open int. 3,710 (3,739	June 73-31 74-05 73-24 74-0 l Seg1 73-23 73-29 73-18 73-2
	Dec 73-18 73-25 73-14 73-1
THREE-MONTH STERLING DEPOS	Merch 73-10 73-16 73-10 73-1
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Sept 89.93 90.04 89.93 90 Dec 89.94 90.02 89.98 90	14
March 89,99 90,02 89.89 90.	18 Latest High Low Pre
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Volume 644 (879)	Juno 91.37 91.44 91,34 91.4
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Juno 102-24 103-12 102-24 103- Sept 102-12 102-29 102-19 103-	
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March 103-13	Lalest High Low Pres
Volume 1,240 (1,348)	Dec 90,23 90.23 90.11 90.20
Previous day's open Int. 2.351 [2.32	
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Treasury 1998 less equivalent price of	30,50 30.42 45.05 TOTAL
near futures contract) 8-12 (32nds).	
STERLING E25,000 \$ per E	THREE-MONTH EURODOLLAR (IMM)
Close High Low Pr	S1m points of 100%
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Dec	Sept 89,85 89,90 89.81 89,89 Dec 89.67 89.71 89,63 89,70
Volume 253 (392)	Feb
Previous day's open Int. 827 (775)	March 89,44 89,46 89.44 89.52
DEUTSCHE MARKS DM 125.0	
S per DM	
Close High Low Pr	STERLING [IMM] Sa per E
June 0.4188 0.4243 0,4180 9,42	of tatest uidu fon hal
Sept 9.4247 9.4273 0.4248 9.42	June 1,4703 1,4760 1,4640 1,4635
Dec 0.41	- seht 1'44,10 1'4430 1'4032 1'4012
Volume 357 (172)	DOC 1,4700 1,4750 1,4020 1,4000
Previous day'e open int, 256 (229)	March 1.4660 1.4760 1.4600 1.4780
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SWISS FRANCS SWFr 125,0 \$ per 5wFr	
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Close High Low Pr	
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Sept 9.4952 0.4952 0.4962 0.49 Dec	March 69-22 . — 69-23 69-29
Volume 54 (49)	June 68-31 69-12 68-26 69-06
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	Dec 67-18 67-23 — 67-12 - March 56-31 67-04 56-31 67-00
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Financial Times Tuesday March 22 1983 Authorised Units-continued

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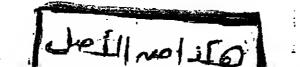
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### WORLD VALUE OF THE POUND

The table below gives the latest except where they are shown to Abbreviation: (A) approximate rate, systlable rate of exchange for the pound against various currencies on March 2t 1983. In some cases rate is nominal. Market rates are the of foreign currencies to which they and going sterling-dollar rates; (P) based on U.S. dollar parties and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate: (Bk) benkeje' retas; (c) commercial rate; (ch) convertible ra (m) financial rate; (cc) exchange rate; (nom) nominal; (a) official rate; (nom) nominal; (a) official rate; (sq) salling rate.

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# FINANCIAL TIMES SURVEY

# Spanish Banking, Finance and Investment

Weaknesses in Spain's financial sector have become increasingly apparent in recent years—a problem highlighted by the state takeover last month of banks in the Rumasa group. Much needs to be done towards restructuring in view of prospective EEC membership

# State takes a direct hand

By DAVID WHITE IN MADRID

"THE GRACE FERIOD." slide election had positive sides the daily El Pais observed in its editorial marking the first 100 ness and the international financial community. First, coming after the implonion of our public life." It was something of an under-Socialist Premiership, "has never had a place in the customs of our public life." It was something of an understatement; changes of govern-ment in themselves have hardly ecome a habit yet in Spain.

None the less the new team. has enjoyed a boneymoon for months it has been in office. In other places, at other times, it would have been different. Here you have a party coming to power after 45 years in mostly illegal opposi-

tion, bringing mostly untested and as often as not bearded roung men into top administrative positions, taking unpopular measures on tax and social security payments, challenging the Church establishment over an issue as emotive as abortion and descending out of the blue expropriate the country's biggest private bolding com-pany for alleged irregularities, Yet the banking community—the most powerful force in the private sector - has bardly

)UND

the post-Franco transition period — and a tense inter-regum full of rumblings about military plots, the new government took office with an outright one-party majority behind it (something the centrists never had) 'and therefore the clear capacity to govern.

Secondly, it had come in on a moderate platform aimed more at consolidating democracy than installing Socialism (Sr Gonzalez said as much), with barely a token plan for nationalisation (the high-ten-sion electrical grid), with an independent-minded and undog-matic figure in its top economic post (Sr. Miguel Royer, with hoth the Bivenes and Francour both the Finance and Economy pontfolios) and with a set of targets that coincided with what the Bank of Spain had in mind mounted anything you might enyway. Thirdly, right from business, a fanaticall a campaign.

The Socialists' arrival in peseta down by 8 per cent, it establishment and power after lest October's land
abowed it wanted to be seen fatally, the Govern

Brewing in the background, lowever, have been doubts shout how well the Government

Official targets—economic growth edging up from just over one per cent to two; a current account shortfall coming down, with the belp of cheaper oil imports, from over cheaper thi imports, from over \$4bn to below \$3bn; inflation dropping from 14 per cent to 12; the increase in money supply limited to 18 per cent and the budget deficit tield at six per cent of Gross Domestic Product—have all become open

to challenge.

The major concern has focused on public finances, which the Government will find hard to keep near to target, and inflation. Wage costs, boosted by higher sociel charges, are already set to exceed inflation targets as a result of the wage pact between employers and unions, which sets a range of increases of between 9.5 and 12.5 per cent with the option of a further price-trigger in the

Into this not-yet-agitated but unsettled surface of govern-ment-business relations was thrown the Rumasa affair, sending out ripples that have not yet finished spreading.

Not that the business community was shocked by the holding group's dramatic end or Government should take charge of sorting it out. Sr Jose Ruiz-Mateos, founder of the wine-tohotels to banking empire,

the black sheep of Spanish big

business, a fanatical outsider

ecquisitions, were common talk and a number of other banks had already decided

Sr Boyer's handling of the ituation — which in the first having precipitated by scaring the customers of Rumasa's 18 banks - was cool and convincing. He painstakingly traced the friction between the group and the authorities that had been going on for several years before the Socialists' arrival without coming to the surface and argued that nationalisation was the only course, not for ideological reasons but to put

the house in order, to be taken over by the state
But the buge, complex and if they were already being kept costly problem the Government affoat by public funds and the

Hispano-Americano ......

Central .

Bilben

Exterior

Urquije

Atlantico

SPAIN'S TOP BANKS

\* Banesto: Banco Español de Crédito.

1.459

Flaws in his concern, re- bas taken on with the measure Government now faces nres-nowned for its voracious has brought the issue of state sure from its own Left-wing and private roles out into the open. The Prime Minister told that right.

Sr Rafzel Termes, bead of the private banking association, that the Government had no Private banks, which bave had a long and profitable reign, now see looming the shape of a powerful state sector based on this new presence in the bank network, plus the expansion of the state-controlled Banco interest in keeping the banks which Rumasa used to finance its expansion. But, as Sr Boyer has since made clear: "If the Government has to make an investment it cannot recover, Exterior, the weight of the official credit institutions and then there will be very serious economic and political obstacles possibly a state role in ailing banks that have failed to find

hands. The election programme contained a provision for banks

Assets† end-1982

(Ptas ba)

1.939

1,747

(Ptas m)

to a transfer of these funds to the private sector."

The implication is that there will be no rapid handover of Rumasa interests to private sownership and that the prohability is that some at least of the banks will stay in state than of industry, which the hands. The election programme has been seed to program to the property of the banks will stay in state that have failed to find the property of the private sector."

The implication is that there would clearly be argued in the banking system, which can two respects—in the deterioration of industry, which the From the Left's point of view there would clearly be arguments for e stronger band in the banking system, which can be perceived to have failed in two respects—in the deterioration of industry, which the banks were beavily engaged in building up, and the crisis among the banks themselves.

Abroad, the events that have had most impact are the debt crises at Union Explosivos Rio Tinto (ERT), the leading

Tinto (ERT), the leading private chemical group, and at Aluminio Espanol, the main aluminium complex, in which the state INI group is the principal shareholder. Both broke last autumn and are still unresolved. But for Spanish banks they are only part of a longer process of decay that has tions over the last five years and touched even a prestige international bank such as

in the country.

The crisis in industry has inevitably hit the banks that had invested beavily in it. They have frequently lacked sufficient resources or sufficient expertise in management to face up to the

affair—detonated by the Govern-ment before it blew up of itself—is optimistically described by Sr Boyer as "the last big bank crisis" — or cynically by Sr Termes In the words: "There is nothing left to fall."

The Big Seven banks have been spared and have increased their weight by absorbing failed banks. But their profits are being squeezed by beavy appropriations for bad and doubtful debts, by a slack credit cost of customer funds.

In addition they complain at the authorities' decision, part of the December devaluavolume of deposits they have to keep at zero interest at the Bank of Spain.

This deposit requirement, considered abnormally high by international standards at 6.75 per cent, forms part of tha rigidity of Spain's banking arrangements, in which a large proportion of banks' resources is blocked in low-income stetedirected investments. present Government, rather than cutting the level of these investment quotas, now at 21 per cent of total deposits, is inclined to adapt them so as to channel more funds into the export drive and to waive them in certain cases to promote risk investment. Its first gesture in Banco Urquijo, ranking ninth this direction was a Govern-ment-approved deal enabling the

Foreign banks that have 1979 under have also

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Bank profits	v
Foreign borrowing	VI
Banco Exterior	VI

recent decision to increase the required minimum capital, which bad stayed at its original level, by 187 per cent to Pta 2bn (\$15m) is likely to discourage further odditions to the 32 banks that have arrived so far. This reflects a broad consensus that there is as much competition as is desirable,

The foreign contingent has played its role in beloing to modernise Spanish banking and broaden its range. But what the Rumasa affair showed up dramatically was the kind of anomaly, by European stan-dards, that can continue to exist. By a curious coincidence the country's biggest bank, for its first ever full indepen-

As in many other sectors of the economy, the prospect of EEC membership demands a liberalised rules have also tion, Last crists or no, restruc-found their profit outlook cloud-turing in Spanish banking is ing over. The Government's still an unfinished business.

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\*Source American Banker July 1982.

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David White logs the mounting toll of bank failures over the past five years

# Rumasa affair the climax to long saga

"THE Bank of Spain," this crisis No. 30 or Nos. 30 to 47. newspaper reported a little The same names have even more than five years ago, "has begun to surface for a second been obliged to come to the rescue of one of the country's rescue of one of the country's Mediterraneo, a necently created smaller banks, Banco de Barcelon-based investment bank

forgomen and the bank itself has disappeared but it was the start of a saga that has made bank collapses an everyday and aimost banal part of the Spanish scene, continuing into this year and the early months of treatment of having its capital Socialist administration.

written down and then boosted

ing beyond reprieve but in the others taken aboard by other banks—has reached 29 (see the accompanying list). This was even before the Government's dramatic move to take over the whole of the Rumasa group in February. Depending on how you count, this is either bank



time. Banco Industrial dei Mediterraneo, a recently created with three dozen branches, was rescued and picked up by Banca Catalana in 1979, only to find itself now back in the hands of the Deposit Guarantee Fund alongside its adoptive parent. Twice in less than three years it has gone through the same

In the intervening period the number of banks to have foundered—in a few cases sink-was set up as the causes began The Deposit Guarantee Frind was set up as the cities began with the aim of protecting the small depositor. But it became evident that the less expensive solution was to bail out the banks rather than the depositors and the Fund has evolved as the main instrument of inter-

vention and rescue. Through this, the banking system—the Bank of Spain in conjunction with all the private and foreign banks—has been able to absorb the impact of the problematical smaller banks as they fell.

But since last autumn the series has culminated in problems of a different dimension. The crisis has claimed three big names—Banca Catalana, Banco Urquijo and finally the Rumasa Group—in what senior bankers say are probably the last in the series of individual downfalls. Each in turn has been the mightiest to date, prompting the authorities to move from traditional rescue procedures to and then to pre-emptive nation-

While the origins of these upsets can still be traced back to the same basic source—the fragility of Spanish industry and the deterioration of potentially sound assets—they constitute three very different



Sr Miguel Boyer, Minister for Finance and Economics (right foreground), arriving with other Ministers at the Moncloa Palace to give details to the media on the nationalisation of 18 banks in the Rumasa group, Spain's biggest helding company

Banco Catalana's problems erupted just before the October elections, although they had been common knowledge for months. At the time the bank and its subsidiary industrial and commercial banks were taken over by the Deposit Guarantee Fund its losses and doubtful debts were estimated et were estimated

### Aspirations

Forming with its industrial banking offsboots the largest Catalonia-based financial group, its history has been bound op with the aspirations of Sr Jordi Pujol—co-founder of the bank and now head of the region's enterpoments. autonomous government — to strengthen Barcelona as a decision-making centre. The impact of industrial recession on the group's companies is considered to have been compounded by "political" investment choices,

resulting in an accumulation of banks as the crisis broke last non-performing assets. year was the equivalent of son year was the equivalent of some \$800m. The overtly regionalist nature

of the bank has made the prob-lem of its future even more deli-cate. The Fund, which has been cate. The Fund, which has been carrying out a financial restructuring, has disconnected the one bank it controlled outside Catalonia, Banco de Alicante, selling it to Banco Exterior, and has been negotiating a separate takeover by local commercial interests of Banco de Gerona. But attempts to find a "Catalan solution" for find a "Catalan solution" for Banca Catalana itself (which in the meantime is being promoted in a fresh advertising campaign) have proved more problemati-

Catalana's collapse not only placed a heavy burden on the Fund but also showed up the rather obvious fact that big banks fall dess gently than the smaller. The loss of deposits at the main group of Catalana

Banco Urquijo's problems, which became acute in the second half of last year, prompted the authorities to back "preventive medicioe"
rather than wait until the
patient needed shipping to the
hospital. Urquijo was the
country's top independent
industrial bank, with a strong international profile and a highly reputed management

In order to stop Urquijo's name being tarred with the same brush as the "ailing" banks, the No 3 bank, Banco Hispano-Americano, with which it had close ties, was persuaded to take it over with Bank of Spain backing, bidding for its sbares on the stock market.

Urquijo was still making operating profits but had run into serious trouble with some

THE WAVE OF CRISES Banco de Descuento Banco de los Pirineos Banco de Navarra Banco Cantabrico Banco Meridiocal Banco de Valladolid Banco Industrial del Exterior Hispano-Americano Bankunion (Banco de Préstamo y Ahorro) Banca Mas Sarda Banco de Levante Banca Catalana Vizcaya Barclays (UK) Banca Catalana Central (Banco Industrial de Cataluña) BNP (France) Banesto (Banco Industrial del Mediterranco) (Banco de Barcelona) (Banco de Gerono) Banesto (Bonco de Aliconte) (Banco de Crédito y Banca March Exterior Bilbao Vizcaya Inversiones) Wienanc-Americano

Banco Urquito

of its industrial and property holdings and loans—including of the authorities, in a private of the first withdrawals and forced its exposure at the Unioo Explosives Rio Tinto (ERT), the chemical conglomerate which stopped repaying debts last autumn. This was compounded by foreign risks. The bank had spent heavily on developing its international operations. "It was behaving like Morgan Guaranty," commented a rival hanker, "without having Morgan's deposits."

The presure part after the contract on the part of the authorities, in a private of the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the constitution of flesh the cabinet's constitute and its inevitable connext month with the Cabinet's connext month with the Cabinet's sequence—suspension of payments—which would have exprepriate outright all the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapirate of flesh the first withdrawals and forced a rapid supportation. of its industrial and property of this treatment on the part

Mediterráceo Banco de Granada (Banco de Credito

Comercial) Banco Lopez Que Cadesbank

Banco Catalan de

Banco de Asturias Banco de Promocion de Negocios Banco Occidental

Desarrollo Banco de Madrid

Occidental)

The rescue pact, after the takeover by Hispano-Americano (which already had an eighth of the capital), involves injection of funds through a capital inof funds through a capital in-crease and the purchase of fixed assets by Hispano-Americaoo, plus the release of other funds through the lifting of all Urquijo's fixed obligations and half of Hispano-Americaoo's own obligations in Jow-income state-directed investment.

Those on the Left who grumbled about the generosity

case apart. A commercial empire with banking subsidiaries used to fund the other parts of the business, it fitted nowhere in the banking structure Spain set up in the 1960s for "industrial" and "com-mercial" banks on the French

### Running battle

The final crisis was pre-cipitated by an off-the-cuff remark by Sr Miguel Boyer, the Economy and Finance Minister, threatening to send in Bank of Spain Inspectors if Rumasa broke off with Its auditors. In fact inspectors had already been investigating Rumasa banks for months and, as Sr Boyer later revealed, Rumasa had been in a running battle with the Bank of Spain and with tax officials for five years

The authorities—and the banking community—had grown increasingly uneasy about the situation of the banks, with their large concentration of assets in companies belonging to the group and the more-than-competitive terms offered to attract depositors.

Sr Boyer's threat sparked of

Nationalised

reserves, overvaluing assets by five or even ten times in its banks' accounts and running an undeclared "parallel "network of companies, claimed the Government had weighed all possible alternatives before making its drastic, and unpre-

cedented, move.

Certainly the Fund could not have taken the burden of Rumasa—where bank deposits totalled the equivalent of some \$4.7bn before the crisis broke— without calling on more resources from the banking

system. According to Sr. Boyer, all the Rumasa banks except Banco Atlantico—the biggest and most independent—were running at a

The private banks have made it clear they expect to see the banks returned to the private sector. The Government has promised to disengage from them on the condition—and for lles the rub—that it gets back what it puts in. It is quite possible that some will stay in the state orbit. After five years of crises the one option that has been eschewed all along nationalisation—has fins arrived through a side-door.



Sr Jose Maria Ruiz-Mateos, head of the troubled Rumasa

# Main instrument in rescue work

How the Deposit Guarantee Fund has evolved from its original role

and mamaged to sell most of firm, them, in better shape than when they were wheeled in, to new owners. Having developed its range of activity, it has just recently branched out into a new kind of subcontracting—in the administration of the 18 banks which the Government expro-priated last month from the Rumasa group.

It is popularly known as the intensive care unit for banks but that is a euphemism.

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IT HAS owned dozens of banks more like a wreck salvage improved ways of dealing with and managed to sell most of firm.

In the past few years this semi-state institution has developed not only a regular activity—five or six cases a year—but also a major role in preserving public confidence in a banking system that continues to be accident-prone.

With the increase in the size been brought to the Fund-and therefore potentially exposed to a damaging run on deposits—its The Deposit Guarantee Fund is managers have had to look to

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The Fund was set up in 1977 to fulfil the job that is self-evident from its name—le, to protect the ordinary client's account. In fact there are three deposit guarantee funds-for banks, for savings banks and for co-operative credit bodies, With the devaluation of the peseta and the lengthening list of bank collapses, the basic guarantee to the small depositor has in the interim been tripled to Ptas 1.5m (£7,500) per

Originally the Fund itself had no powers to take over the management of banks. This role was given to the specially the first "bank hospital." But since its own competence was reinforced three years ago the Fund has moved into this function, with the right to take over the administration of banks, buy and sell assets and to order audits in any of the banks and their subsidiaries participating to the guarantee

# Resources

The Fund draws half its standing nesources from the registered private banks, each of which contributes the equivaleart of 0.1 per cent of its total deposits. The other half comes from the Bank of Spain, which matches this total. In addition it has a facility for receiving advances from the Bank of Spain for up to four times this total but without, in the medium-term, altering the principle that the cost burden of cushioning bank failures is split half-way between banks and the authorities.

To cope with possible extra burdens a provision has been burdens a provision has been agreed for a doubling of the basic resources—ie, 0.2 per cent of deposits. The banks, elready completions about the proportion of their funds that is unprofitably homobilities dunder Spanish regulations, seem little inclined to raise their contributions the Fund. tions to the Fund.

But even if they did it is clear that the system has its limits, by definition being un-able to bear the weight of more a small fraction of the banking system.

The collapse of Banca Catalana last autumn provided the Fund with its biggest single task to date. Along with this group, including its Gerona subsidiary, for which a separate solution was being sought, it bad on its hands at the beginning of this year three other problem banks: Banco de Alicante, Banco de Descuento and Banco de Levante, all in need

Last year it successfully arranged new homes among the "Big Seven" groups for three banks: Bankunion, the second banks: Bankunion, the second independent "industrial" bank, at Banco Hispano-Americano; Banco Mas Sarda at Banco de Bilbao; Banco de Prestamo y Ahorro at Banco de Vizcaya. In Anorro at Banco de Vizcaya. In face of the growing scale of the collapses it embarked on a new formula, seeking to sbare with the prospective new owners the cost of restoring the

An auction system for banks controlled by the Fund—already used in 1981, for instance, when Banco Lopez Quesada went to France's BNP—has now become standard practice, based on negotiations between the Fund and would-be buyers.

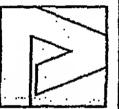
The work of the Fund in getting banks back into road-worthy shape falls into three categories — the strengthening of their capital structure, the provision of medium or long-term loans, or the purchase from them of assets, including property. These assets admin-istered by the Fund are either liquidated or resold at a later

However, the man in charge of this sphere of the Bank of de Juan, believes that a new model may have been estab-lished with the treatment of Banco Urquijo after the serious problems that emerged in its portfolio in the second helf of since the Fund was set up its mechanisms were bypassed, with the Bank of Spain agreeing to liberate funds to enable Banco Hispano-Americano to carry out its own takeover and

Such a model would involve "transitory aid for transitory problems" without recourse to the Fund. The Fund, an overan inevitable sfigma for those who stay there any length of time, is the place for "definie aid for fundamental oblems."

D.W.





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# UNCONSOLIDATED FIGURES

December 31st

(In milic		
1982	1981	<b>Variation</b>
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40,428	36,908	9.5
517,606	437,119	18.4
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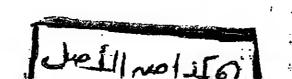
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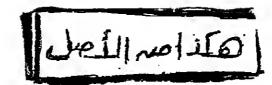
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# SPANISH BANKING III

Mergers are seen as inevitable if the system is to be strengthened

# Too many banks and branches

the record, one for every 1,275.

The collective total for the numerous private banks is now about 15,000 and has been increasing at a rate of three new branches at day. Add the savings banks, the postal bank and cooperative credit organisations and the total is over 29,000.

The same multitudinous becomes and the total is over 29,000. The same multitudinous phenomenon is repeated abroad, where Spanish banks keep up more than 130 branches and 200 representative offices.

The answer to this puzzling situation lies in Spain's economic boom of the 1960s and early 1970s. At a time when financial markets were undeveloped lending was short-term and the banks had to collect every customer's deposit they could.

cess of mergers and takeovers.

The arguments for marriage as hig by major Western as hig by major Western standards.

The case for further concentration among the main banks always frustrated have been been treatment as a write offs.

reral, and the addid was addid are walled was addid are walled was addid are walled was addid are walled to have more bank branches per head of population than anywhere else in arrope except Belgium. In 1981, there was one for every 2,641 inhabitants with the Catalonian town of Gerona holding the second, one for every 1,275.

The extensive concentration that has already taken place is an indiden behind a confusing the well of the second that has already taken place is an indiden behind a confusing the well of the second that has a life and the second that has a life been declining. The so-called Big Seven—Banesto, with the three banks of the three banks of the second that has a life and the second that h socialed Big Seven—Banesto, Central, Hispano-Americano, Popular and the three banks of regional origin, Bibbao, Vizcaya and Santander—control a group of about 40 other banks. These controls to create under their

continue to operate under their own names as "second brands," acting as additional irons in the These main groups increased their joint deposits by about 20 per cent last year, above the average. They now hold about 80 per cent of the total.

The Big Seven themselves have led in the expansion of hypothesis and the expansion of hypothesis and the sevent along the sev

branch networks. Banesto alone has about as many as there were banks in Spain in 1950. This process of change, in which the big banks, advanould.

This process of change, in more than 200 companies, which the big banks, advantaged by their nationwide coversitive presence on taged by their nationwide coversities.

stronger as write-offs for bad instance, reduce the number of second category of banks debts have mounted and as Spanish banks active on the in-known as "the Gang of Five,"

There have been strong up formally, they opied for a rumours about possible merger permutations under active discussion. This is not the first cussion. This is not the first cussion. This is not the first cussion. This is not the first cussion and protect their image in the face of a long-tunning hanking crisis and protunting a merger between Central and Hispano-Americano was on the cards as long ago as 1965.

### Concentration

In the separate category of industrial banks such a concentration has already taken place. Bankunion and Banco Urquijo, the number two and number one independent bank respectively in the field, have hoth now been absorbed by Hispanonow been absorbed by HispanoAmericano after running into problems and are due to be merged as a new offshoot of the larger group. Among the Big Seven, which are involved in varying degrees in industrial holdings, with Popular being the only one that could be described as a purely commerdescribed as a purely commercial bank, Hispano-Americano is

the ground—evidence of how retail banking has prospered—now provides one of the major difficulties in completing what many see as an inercorable process of measures and tabanances. Spain still has no least of the banking system.

Taged by their nationwide coveramong the other top banks are recent report on future guidelines for Spanish banks, the many see as an inercorable process of measures and tabanances. Yet although concentration has increased, Spain still has no part of the banking system. could capitalise on better know that that mould he described Medium banks—some of ledge of their terrain. But in

and other areas, forming a products.

IT IS hard to find a petrol operating profit margins have station in Spanish towns—but certainly not a bank. In the main centres there is one on every street corner, if not several, and the main streets in leaving one bank have largely overlapping backers among the Big Seven. Its membackers among the Big Seven. Its m serious, profitable and secure.

However, three of thom-Paster, Herrero and Zara-gozano—are all now considered gozano—are all now considered ripe for takeover and the stock market has been rife with rumours about approaches hy Big Seven banks.

The other two Majorca-hased Banca March with its related banks and Cataloniahased Banco de Sabadoll—are considered to be in a much stronger position to continue independently. The 100-year-old Banco de Sabadell, which has management

Despite the competition and now one of the most industri-ally-orientated, with holdings in number of smaller banks bave shown above-average profits. In a recent report on future guide which have an active trans-atlantic presence—currently operate a losse co-operation agreement in syndicated loans

David White

Enthusiasm of foreign banks has dwindled with the decline in profits

# Foreign contingent feels the pinch

IT IS now four years since the fortress of Spanish banking let down its drawbridge ing let down its drawbridge to the outside world and reluctantly admitted a fresh foreign. contingent. That period has been one of considerable developments—in the money markets, which have evolved from a state of near non-existence and aluming interest-rate peaks, and in the sophistication of banking services.

It is generally accepted that the fereign presence has con-tributed a good deal to energising the banking sector, in particular by bringing in im-portant innovations in the range of berrowing instru-

D FIGURES

1 . .

60

K

But at the same time the change of policy has unsettled Spain's own banking com-munity, bringing competition for the big national banks, with the consequence that these have in turn stepped up

these have in turn stepped up their competition with the smaller banks.

European, U.S., Latin American and Japanese banks queued to get into a market reputed as one of the most profitable on the Continent. But since last year profit growth has subsided, for both demostle and foreign harks. omestic and foreign banks. In 1981 the newly-admitted

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batch of foreign banks more than doubled its combined profits in Spain, Last year's trend, however, as for most Spanish banks, was modest by

comparison.

Until 1979 Spain had gone for 28 years without a foreign bank setting up more than a representative office. Until then there were just four with established branches—Credit Lyonnais, which came to Spain in the 1870s, Bank of Lenden and Seath America. of London and South America, (part of Lloyds Bank), arriving during World War II, Italy's Banca Nazionale del

# Climbed

Since the liberalisation the n u m b e r of banks with branches or about to open them has climbed to 36, one in four banks in Spain is foreign. Out of every Ptas 1,000 lent, foreign banks share has risen from Ptas 7 in 1978 to Ptas 65.

Fairly narrow limits remain in force for their activities, however, including a general rule restricting them to a maximum of three branches

TO THEIR NEW OFFICES AT

the original four foreign banks—are those which have

bought up local retail banks.
This has only been possible through taking charge of problem banks from the Deposit Guarantee Fund. To date Barclays has taken over date Barclays has taken ever Banco de Valladolid in this way and Bavque Nationale de Paris, the leading state-owned French bank, has annexed Banco Lopez Quesada. Both these operations, concluded in 1981, have involved considerable morphing-up expenses at the subsidiary banks but have enabled the purchasers to enter the High Street retail banking market.

After fierce resistance by

After fierce resistance hy Spanish banks to the second takeover, there has been none since. Bank of America was invited to take part on a tender for Banco de Alicante, one of the more recent banks to fall into the hands of the fund, hot the terms of its offer

were turned down.
While the Socialist Government in anxious to display its ment in auxious to display its openness to foreign investment, no further effort is being made to woo international banks. One, Wells Fargo, recently withdrew its application to establish a branch after the minimum capital requirement was doubled to Pta L5bn. Four others that had been waiting in line for periods varying

in line for periods varying

will help you select the most appropriate

Société Générale de Banque has also set up a consulting company named Genservicios, in Madrid, offering all types of legal advice and assistance to small

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from weeks to years—Credit Commercial de France, First Interstate, Sumitomo and Interstate, Sumitomo and Banca Commerciale Italiana—havo been admitted on this basis, as the first to be given approval since the change of government. At the same time the future capital requirement has been pushed up to Pia Zbu.

The authorities can argue

The authorities can aroue that the new capital rule is merely a matter of monetary correction, compensating for inflation and the progressive devaluation of the peseta. It is true that the inver

ment required was already high when the entry rules were first drawn up bot banks are now likely to perceive the exchange risk involved as unjustifiably onerous. This is partly because in

many essess they have less money to spend and partly because they see less to gain from branches in Spain. First National Bank of Beston, which had never sought perwhich had never sought permission for a full branch, is closing down its Madrid office this year. Banks that are already implanted question the wisdom of further proliferation as much as their Spanish colleagues.

Apart from niches which its branch have greated in

financing for the Spanish public sector and big-borrow-ing ntilities, the most obvious slot for foreign banks is busi-ness from multi-national companies. This is an important source of profit bot there is only so much cake to go around.

# Instruments

Meanwhile Spanish banks, after in the initial stage opposing new instruments put forward by the foreign banks, have ended np appropriating much of the business. Foreign hanks can claim the initiative for:

· Commercial paper known as pagares de empresa, backed np by a subsidiary line of credit, and placed through the Madrid and Barcelona stock exchanges. Pioneered by Midland Bank, they have opened a popular alternativo source of one-year funding at fixed rates below market conditions.

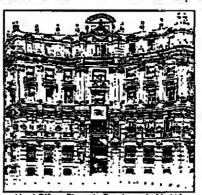
• The so-called letras, akin to banker's acceptances.
Parentage is claimed by
Morgan Guaranty, Deutsche
Bank and Barclays. Their
great success has been set
back by tax fears, with back by tax fears, with brokers being required to keep a list of purchasers.

· Floating rate peseta loans. These are a technology transfer from the Euromarkets and have been in existence for less than three years. Geared to "Mibor" (the Madrid equivalent of Libor) or to a "preferential" interest base, they have been growing in number, average size, length

Last year syndicated peseta credits almost tripled to a total of Ptas 250bn but Spanish banks have taken the lead in this sector and their foreign competitors are forced to look for other and more sophisticaled forms of

D.W.

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# SPANISH BANKING IV

The authorities plan extensive reforms for the savings banks, a group of varied origins spread across the country. The process will be gradual, however, as Jane Monaghan explains below

# Savings banks systems to be stronger

s the savings banks that the Socialists have singled out for sweeping reforms. However, because the two basic aims of the Socialists' programme are to strengthen the regional direction of the savings banks' investments and to change the structure of these banks man-agement boards the programme formidable obstacles. The authorities have therefore decided to introduce the reforms gradually and on a piecemeal basis. For instance, the Socialists will admit excep-

This moderation reflects in the first instance the motley collection of savings banks the Socialists have inherited Today they fall into two separate

The first group—the ordinary savings banks — were initially founded by the Church over two censuries ago as non-profitmaking institutions. They are still obliged to dedicate part of their reserves to social welfare projects (for example, libraries, old people's homes, research, culture and health). They number \$1, accounting for 28 per cent of the banking sector's otal deposits.

This group includes 10 to 14 led by the Barcelons-based Caja de Pensiones para la Vejez y de Ahorros (Caixa), which ranks with the big seven commercial bases in terms of descript Normal and Caixa). deposits. Next is a multitude of smaller savings banks clustered in Spain's main towns, four of which are still run by the Church end 26 by the municipalities.

### Exception This group contains, however,

ortant exception. is the Caje Postal (Post Office savings bank). It has 246 branches of its own but because it comes under the control of banks to operate like private the Ministry of Transport and banks and gradually reduce the hanks and gradually reduce the contributions to the obligatory system of credits gave the savings banks a measure of freedom they had never before experienced. Indeed between August 1978, when the reductions first came into effect, and Communications it also has access to 1,382 more offices. Thus are Caja Postal has an office in every town where there is a postman and more outless than any other bank in Spain. For this reason the Socialists For this reason the Socialisms are planning to use it, along with official credit banks like money the savings banks had the Banco Hipotecario, for the allocation of public debt issues and obligatory deposits went down from just under 60 per and mortgage bonds. Hithemo these allocations have been banded by the commercial manks, not by the state.

Meanwhile the

category of savings banks, which were launched by the corporativist unions under Franco at the same time as the social security system, consists of about 150 banks, the vast majority of which provide credits to agricultural co-operatives. Last December deposits of these agricultural savings banks were valued at Ptas 500hn, around 4 per cent of the bank cala I cala Poing sector's total.

The common denominators of all these banks are that none of them has shareholders. They of them has shareholders. They
all bave a strong regional
identity, have traditionally
specialised in providing
medium-term credit and since the liberalisation measures of 1977 bave been allowed to operate on the same footing as commercial banks.

However, not all have been eble to take advantage of all the liberalisation measures. Only the big savings banks, like the Caixa, with deposits of over Ptas 50bn, have been able to acquire minority stakes in com-mercial banks and open branches in towns outside the regions where they are based. These large savings banks are now moving more and more into wholesale bank operations, such as foreign exchange dealings and bill discounting. This has eroded their identity as nonprofit making institutions.

# Elections

second important lifference among the savings banks is that while a majority of the management boards of the ordinary savings banks were renewed in elections in 1977 there have never ever been elections for the management savings banks. These last con-tinue to be dominated by local vested interests and by people sympathetic to the former

But if the wide variety of savings banks makes it difficult, if not impossible, to apply any change in a uniform way, another obstacle, especially in attempts to strengthen the regional direction of the savings banks' investments, continues to banks' investments, continues to be the obligatory system of state-directed credits. Under this system all the savings banks are obliged to invest a substan-tial portion of their deposits in fixed interest securities (e.g., utility bonds) and a slightly smaller portion of their deposits in credits at privileged rates



Madrid headquarters of the Bank of Spain—the central authority which will be responsible for changes in the savings bank sector

under 40 per cent. increased the pressure on the savings banks by narrowing the At the same time in the last margins between the interest decade the savings banks have paid on savings accounts and the income derived from fixed increased the number of their managed to retain their clients (in 1978 the ordinary savings interest medium-term credit. Secondly, liberalisation has rebanks had 32m depositors) and last year increased their share sulted in increased competition from the commercial banks. The latter trebled their branch net-work in the last decade to of the market, doing better than the commercial banks. The explanation for this, at a time 15,200, establishing branches in most of Spain's market towns. Typically these are the places where the savings banks are based. of rising inflation, is that Spaniards are becoming wary of the private banks, after so many publicised crises. Confidence in the savings banks is

meanwhile growing. None the less, the increase in the savings hanks' funds that has resulted these these developments has generally not been invested in the regions the banks are based. Nor, at a time of recession, has it been invested in the more developed regions of the north.

Instead Spain's savings banks
have become the principal
leaders on the highly volatile inter-bank market where interest rates can go as high as 40 per cent and terms are

For the smaller agricultural

savings banks, which invested Pts 400m in the inter-bank market in 1981, recourse to this market has a structural reason: the limited time between harvesting, when these banks obtain most of their deposits, and the massive demands for credits by farmers when crops are sown in early spring.

### Borrowers

In a separate development foreign banks began to depend on the inter-bank market as their principal source of funds pol borrowers. Indeed a macriage of convenience was struck between the two types of banks. Thus, in 1977, when liberalisation had not yet reached the savings banks, these banks invested just Pts 0.5bn in the inter-bank market; in December last they invested Pts 175bn. Small and regionalbased banks, including the agri-cultural savings banks, invested a further Pts 71bn. In combination these lovestments covered

or Pts 251bn

ments are viewed as a threat both for the future of foreign banking operations and for the viability of the savings banks. As far as the foreign banks are concerned the problem may be

The authorities are going to consider moves to limit the participation of the savings banks on the inter-bank market in conjunction with the pos-sibility of allowing foreign banks to open more branches. At the moment the number of branches a foreign bank may have in Spain is strictly limited. This is bound to raise ques-tions as to viability of the ordinary savings banks, especi-ally as the Socialist programme suggests that the money now spent by these banks in the inter-bank market may in future spent underwriting the

### TOP TEN SAVINGS BANKS

Compensating for this, how-ever, the liberalisation measures

which have allowed the savings

banks to operate like private

La Caixa	1982) 712.5 445.3	Per cent increase on year 24 23	savings bank the structure ment boards. structure of been criticise of the count indirect, bet companies t
Caja Galicia	158.8	23	One example
Source: Savings	Bank		Domingo So

Confederation ever, have elways contributed far more, roughly double what the commercial banks contrithe less, even during the sixties and early seventies, when Spain enjoyed bigh economic growth rates and when inflation was low, these investments were never distributed equitably.

The principal recipients, both during the economic boom and since tha crisis.

been Spain's most advanced and industrialised regions in the north-the Basque country in the north-west and Catalonia in

in the region.

To add to the problem the imbalanca also exists for those investments of the savings banks that are free. In theory banks that are free. In theory 75 per cent of them are meant to be disbursed in the regions where the banks are based. This requirement is rarely fulfilled, bowever. Part of the problem is the absence of regional plans, but another factor is the proliferation of small family-type companies, whose demands for credit the banks are reluctant to meet.

# Tighter management struture

of their manage-In the past the ed chiefly because ween them and hat receive the credits. le was the case of

Domingo Solis (who is now swaiting trial on charges of fraud). For almost 40 years, until September last year, Domingo Solis was at the same time the president of the agri-

This type of abuse has tended to be more prevalent in the pro-vinces than in Madrid but has the north-west and Catalonia in the more depressed regions—
Andalucia, Extremadura, the Canary Islands, Galicia and Asturias— the system has contributed to a process of decapitalisation, by charmelling the modest savings of these poorer feture a majority of the members into other areas. For capitalisation, by channelling the reforms go ahead, then in modest savings of these poorer regions into other areas. For instance, in Andalucia last year roughly 55 per cent of tha savings banks' obligatory deposits was invested in the north. In Asturias in 1978 only 0.05 per cent of the savings banks' obligatory investments stayed in the region. named by the local authorities. This would imply de facto nationalisation and the old abuses would recur in a different guise, with the local authorities, the chief borrowers of the savings harks on the of the savings banks, on the boards of these banks as well.

For the agricultural savings banks the situation would be slightly different. The Socialists' plan to give the agricultural co operatives a minority representation on the boards of these banks. However, traditionally tha agricultural co-operatives have been these banks' chief credit clients. Finally, reversing the liberali-

sation trends since 1977, the Socialists are planning to stop utility bonds) and a slightly smaller portion of their deposits in credits at privileged rates for specified companies and may only be checked by subprojects (the state bolding company, Ini, or subsidised housing schemes).

The agricultural savings banks contribute about 30 per cent of their deposits to this system, roughly the same as the commercial banks. The ing company, Ini, which the state bold-ordinary savings banks, how-majority stake.

Socialists are planning to stop savings banks opening branches outside the region where they are based. That said, one limitation under consideration is that the savings banks may establish only 5 per cent of their region of origin. The Socialist programme also states that savings banks will be prevented from acquiring ordinary savings banks, how-majority stake.

the stronger admit exceptions, however — Labour, in to investment for instance the possibility of Crises

Again much stricter controls is going to be exercised over the savings banks' activities.
With this in mind the percentage of reserves that the savings banks are obliged to set aside to cover doubtful debts is going to be increased from an average 1981 to around 80 per cent. This will reduce the resources available for social and welfare projects, which absorbed Ptss 16hn of the savings banks reserves in 1981.

Independent auditing is going to be encouraged. This is long overdue. At present responsibility for the auditing of the ordinary savings banks lies with the Confederation of Savings Banks, which is formed by the banks, there are a while well. banks themselves, widle until recently the agricultural savings banks did not come under the control of economic authorities. Instead these banks were the responsibility of the Ministry of

sought, the second the biggest Catalan savings ordinary savings banks in 1982 and in up to a dozen egicultural series is a change in Group.

Acoustic the possibility of Crises in half a dozen ordinary savings banks in 1982 and in up to a dozen egicultural savings banks in Spain's less developed regions made has a developed regions made has a dozen exception. developed regions made head-lines in the Press. The reasons for these crises ere much the commercial banks' failures over-concentrated investments, insufficient official control, incompetence and occasionally

**3**. . .

Saturdal Charle

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That said, it is a reflection of the resilience of the savings banks, as a result of their relatively small-scale of their operaconcentration of their risks, that in no case has any of them been struck off the register. There has also been no case of a savings bank requiring inter-vention by the official Deposit Guarantee Funds. These funds for the two types of savings banks have now been estab-lished. They are run on exactly the same fines as the first Deposit Guarantee Fund, which was set up in 1978 to cope with the crises in the commercial



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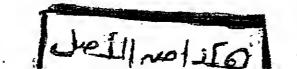
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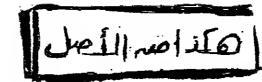
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# SPANISH BANKING V



The stock market is one of the financial sectors worst hit by recession

# Bourse comes under heavy fire from irate investors

IN MID-FEBRUARY the president of the Madrid Bourse was brokers claimed a significant the studio guest of a popular phone in programme broadcast ment models, Between May and by the state radio network. The December Pita 15th of short-sector, was up by 60 per cent on 1981 by the state radio network. The studio's telephones were studio's telephones were sammed for the one hour show as listeners bombarded Sr Luis de la Concha with complaints of savings that had vanished on pany bonds totalled Ptas 5bn. Both the Treasury and comfollowed the programme Sr de pany bonds offered the investor la Concha's staff struggled to a six-month or a one-year keep abreast of a flood of letters on the same theme.

The correspondence, clumsily must be a six-month or a one-year considered the loan. Close on maintaining the loan. Close on the same theme.

The correspondence, clumsily must be a six-month or a one-year as the banks have a greater and on the same theme.

The correspondence, clumsily must be a six-month or a one-year as the banks have a greater and on the same theme.

The correspondence, clumsily must be saved to investors took as playing a dominant role in over the banks have a greater and easier access to investors as well and formally named by the mone-

written and phrased, was an in-dicator of a whole class of small bonds and must of the remain-Spanish savers who had been ing investors opted for yearly dicator of a whole class of small

Spanish savers who had been
agonisingly buffeted by the recession. "I never want to hear
of your bourse again." wrote one
whose letter topped a pile of
similar messages stacked in an
in-tray.

The directors of the Madrid

bonds and must of the remaining investors opted for yearly
ing investors opted f

The directors of the Madrid The directors of the Madrid Bourse were not surprised at such deeply felt resentment. An investment of Pts 100 in the stock exchange in 1974, year one of the recession, was worth stock exchange in 1974, year one of the recession, was worth Phas 9 at the beginning of 1983. There was, however, cause for dejection over the evidence that the Bourse may well continue to be in the doldrums. Last year saw the stock markets remism of the past two years and early measures by the new Socialist administration: were ed at best unhelpful.

# Undistinguished

Last year was an undistinone for traditional bourse trading. It was parti-cularly depressing because it shattered an filusion that the snattered an inusion that the corner had been turned. The previous year had, after all, been the first to show positive growth since 1974 and 1981 had been, for some, a year which appeared to bear out a new upward trend.

That year the index, which starts every January 1 at a base of 100, had hit 148.13 in early September and had finished on December 31 1981 at 124.08. Last year was a different story altography. different story altogether. Start-ing again at 100 the index climbed to a maximum of 107.45 in the second week of February and thereafter slid downwards to end on a decidedly negative

This was not altogether unexpected. From February onwards political uncertainties set in and the likelihood of early elections, increased. By the end of July the index had dropped 12 points to 93.18. It then proceeded to fall a further six points during August, the month when elections were at last announced. It dipped below 80 at the start of September when the election campaign was bout to start and then, after a brief recovery, fell to e year's low of 78.97 on December 15, within a week of the Socialist Government taking office. At the close of 1982 the index stood at 81.85.

The key feature of the year was none the less not so much the downturn of the index as the broadening of the bourse to capture the short-term credit to capture the short-term credit market. This was the communation of a diversifying trend in the Spanish shock exchanges instituted in 1980 when bliks of exchange were first insroduced. The broadening was a direct consequence of the cases of the quoted shares in the post 1974 period which had reduced the bourse to a virtual stagnation as wary investors stack to the blue ofdos. Towestors to the blue onlys. Investors immediately found the bills of exchange—negotiated on the stock floor by the banks which in turn guaranteed them—an attractive proposition. The bills attractive proposition. The bills allowed money to be placed for a fixed term with high returns and with the possibility of being renegotiated on their

12.5

This initiative was the success story of 1981 when with an inflation rate of 14 per state-directed plas 40m were traded in bills cent. Santander, in tail position, which were be and the trend was confirmed showed a rise of under 1 per duced up to last year when the previous cent. year's volume was surpassed by 40 per cent. This encouraging sign prompted the bourse to diversify further in the shortterm credit sector by introduceven without this drain on net
ing short-term. Treasury bonds
in May last year as well as
short-term company bonds. Five
In particular, the cost of temporary concessions from the

and the Banco Urquijo respec-tively as agents. Interest on the

any case in the Bourse itself.
Investors, bitten by the bourse and shy as a result, can negotiate their fixed deposits on the banking and caja circuits without any broker intervention. Bourse officials despondently recall that in 1974 30 per cent of Spanish

### Discriminatory

nine per cent at present.

The rivalry between the bourse and other capital-raising markets has become more pointed as the result of a Government decree published in December last which, while ostensibly providing a bridging tively as agents. Interest on the initial company bonds on markets has become more average topped 16 per cent.

Despite the short life span of the pourse they made a considerable impact. Together they accounted for 40 per cent of the volume of trade of the bourse during 1982. This was an impressive stake in a year when, despite the falling index, trading in the traditional business, quoted shares, bourse business, quoted shares, bourse to be clearly discriminatory. In the course business, quoted shares, bourse of the course business, quoted shares, bourse of the course business, quoted shares, bourse of the course business, quoted shares, at 15 per cent overall tax rebate ponds and Government bills, had itself increased by 14 per cent over 1981.

Overall trading on the bourse totalled Ptas 260bn, an increase of 30 per cent on the previous of the subscription of new issues.

of 30 per cent on the previous year. The trend was clearly, however, towards fixed term deposits, as the new initiatives had underlined. Trading in states and other intermediaries to notify all the defect at least some of the more irate and wounded letter writers and phone-in callers.

Tom Burns

clients to the Treasury. This took one step further a longstanding struggle between tax authorities and financial insti-

operations when the client in question was specifically and formally named by the monetary authorities. The December decree applicable to the bourse made such revelations mandators in what here to be a special to the control of the tory in what bourse officials claimed was a clear discrimination that would ensure that investors decisively moved away from the stock exchange and rushed to the banking halls. The decree, according to one 1974 30 per cent of Spanish industry's credit was raised on the stock market floor, against bourse official, turned " into tax inspectors.

The actual detailed workings of the measure over bourse formal complementary legisla-tion in Parliament and brokers have not lost hope that such evident discrimination may be levelled out. The bourse has made a substantial outlay to attract new and diversified business — looking towards future generations of investors it even went to the gimmici lengths of installing children's stock exchange, a

Recession has also begun to bite into bank earnings

# Bank profits lose much of their shine

Onerous

interest rates.

At the same time the banks complain of what they consider abnormally high compulsory deposits. Since December a further one per cent of their deposits has to be held in non-interest heaving account at the

interest-bearing accounts at the Bank of Spain. This increase,

part of the peseta devaluation package announced by the in-coming Socialist Government, was the first since 1978. Now

at 6.75 per cent it is considered by the banks to be unjustifiably

onerous. At the same time they have no respite on the other

They have up to now enjoyed some of the highest profit margins in Europe—and well above the North American average. But results among the "Big Seven" private banks for the last year show poolit growth cut back shouply and negative in

Net earnings, which in 1081 rose within a range of 28 to 42 per cent, falled to keep up with inflation in any of the six cases for which figures have been re-leased to date. Banesto, the last to report, is expected to show pay on term deposis much the same trend.

According to Sr Rafael into line in the final public sector deficit.

who heads the Spanish Associ-ation of Private Banks, this year will, if anything, be harder. Faced with a continuing deterioration in their financial situation, companies cannot take on further expensive credit. The yield on banks' take on further expensive credit. The yield on banks' assets has been getting lower as the cost of their liabilities has been getting higher. Income from banking services has failed to make up the difference. Fruit growth last year is hardly reckward to have here broadly recknied to have been at most 10 per cent for the whole Spanish banking sector, about half the growth in assets.

The biggest increases in net carmings among the principal banks—at Central, Hispano-Americano and Vizcaya—were

Most of the banks reached these figures after making sharp increases in their provisions for had and doubtful debts. But

which were being gradually reduced up to late 1981, currently stand et 21 per cent for commercial banks — including 13 per cent in public funds and three per cent in characteristics. three per cent in cheap export finance — and 18 per cent for "industrial" banks.

Spanish industry has began to rising steadily. The proportion of rescue operations—such as produce symptoms of weight-loss at even the most prosperous of the country's banks.

They have up to now enjoyed some of the highest profit marbelow 30 per cent at present. Ordinary savings accounts with bear already. fixed interest rates have also declined from over 20 per cent

credit has made it more difficult to less than 15 per cent of the total. than in the past for the banks to offset this tying-down of The growing sophistication of depositors has led to e big increase in the categories of A further impact on bank

profitability bas been made by savings which enjoy unregulated the development of new financing instruments — banker's acceptances and other nego remuneration, especially in six-month and two-year deposits. The large banks have reached table paper—which bypass the classical lending circuits. But the effect of this is limited, since the banks themselves gain from the business generated. agreement among themselves to bold down the interest they pay on term deposits and are hoping the Government will fall into line in the financing of its Set against these factors is

the improvement in productivity that has undonbtedly taken place throughout the system. Banks have succeeded in bold-ing down and sometimes reduc-ing, proportionately, the burden of staff and other operating

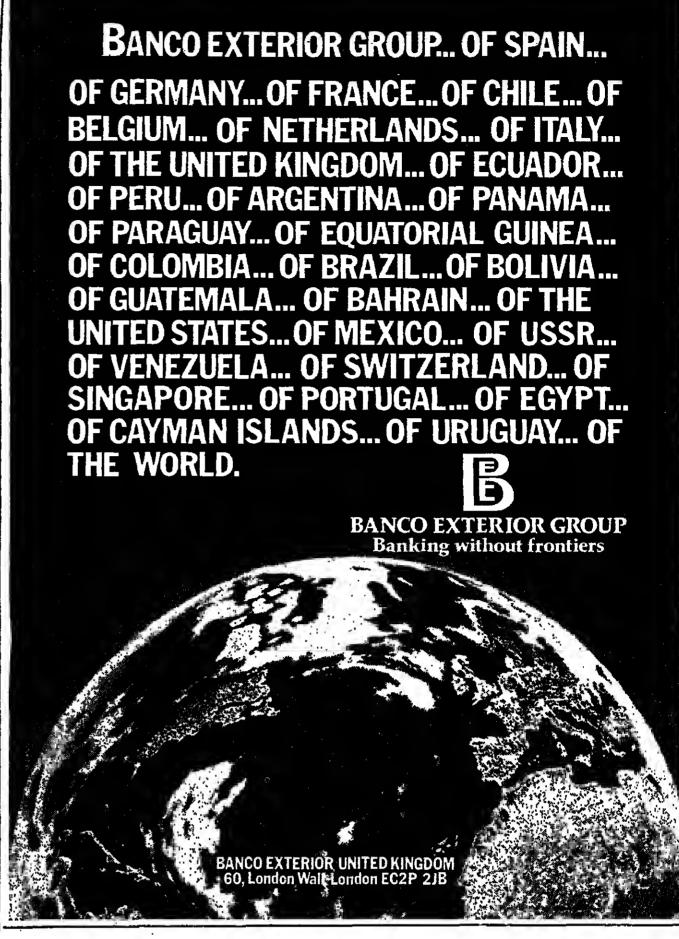
These are still considered high by international standards, however. There is doubtless room for substantial further cons but in the present political context it seems unlikely that the reduction in banks' overall employment will be any less gradual than in the past.

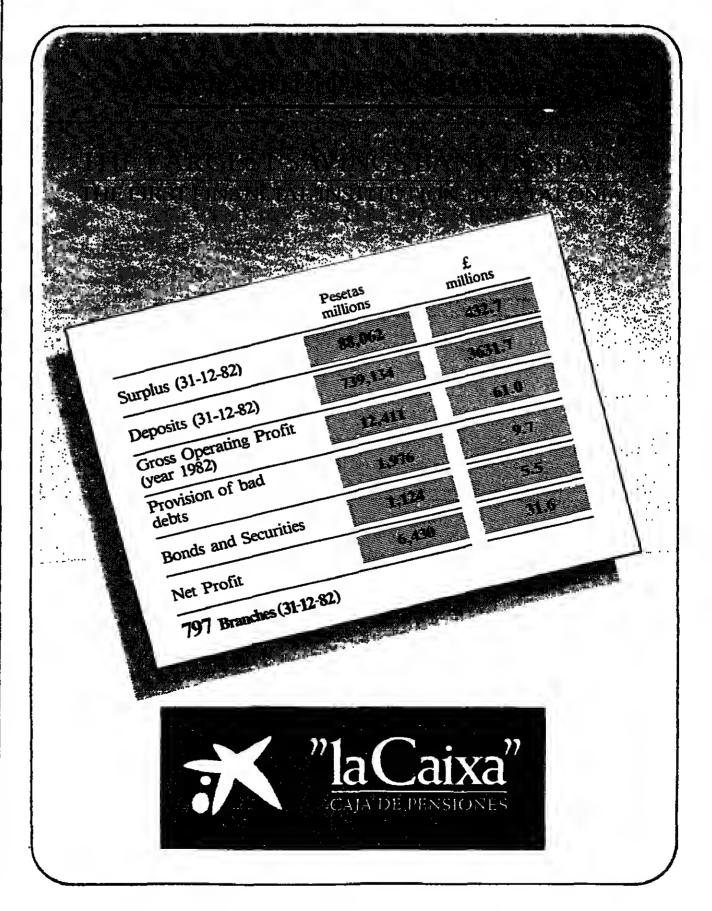
In general the big banks may seem better placed to defend their profit position, since faeir country-wide networks give them privileged access both to

standard obligations which effec-tively tie down a large part of their resources at unprofitable deposits and to large companies These quotas for low-income business and also since they are better equipped to sustain the cost of centralised computer . investments, But the outstanding profit record of some of the smaller

banks suggests that regional concentration and specialisation also have a place in the develop ment of the sector.

David White





# Total financing needs expected to run close to last year's £4.6bn

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WITH A total foreign debt of they want to preserve Spain's that it would bave to pay an some \$27.5bn at the end of last relative credit standing in the even higher margin to get the warr Spain has tone established market. Over recent years Spain issue off the ground but such some \$27.50m at the end or last year, Spain has tong established itself as a regular customer of the Euromarkets. This year the country is again expected to be an active borrower, with total financing needs running close to last year's total of \$4.8bb.

Yet the climate in which Spain will launch these new borrowings has changed markedly since 1982. The Euromarkets have become a much toucher place for horozont. tougher place for borrowers since the Latin American debt crisis broke last summer. Margins on Eurocredits bave begun to increase even for favoured European borrowers, and inter-national bond markets have

become much more selective. Spanish officials say they bave two broad objectives when approaching this year's borrow-ing. First, they would like to raise sufficient money to allow for only a small drop in foreign exchange reserves (last year net foreign exchange reserves fell by \$3.5bn). Second, they would like to diversify their source of funds with increased recourse to the bond markets and less use of the dollar as a borrowing currency. The U.S. currency makes up 60 per cent of the country's total debt.

### Objectives

So far in 1983 the markets have given little clue as to bow far Spain will succeed in meeting these objectives. Public sector entitles have beld back from the Eurocredit market, partly because of the difficulty of pricing loans in today's volatile conditions. But in Janu-ary the Kingdom of Spain did float its first-ever floating rate note for \$200m in the Eurobond market. This was an effort to tap new sources of funds including foreign central banks but initial reaction to the issue was less than enthusiastic.

Economic factors are, however, working on the side of Spain. In prospect for 1983 are declines in world interest rates and in oil prices, both of which should benefit the country's external accounts. Spanish officials say that a drop in the oil price of \$4 per barrel would save the country some \$900m a year. If the fall in oil prices does gather speed the country may run a current account descit rather lower than the \$2.5bn to \$3bn currently pre-dicted. This in turn would reduce its need to borrow

Spanish officials say that they accept the need for margins on Spanish Eurocredits to rise in

market. Over recent years Spain has earned a credit rating somewhat less favourable than that of Scandinavia but rather better than that of Italy.

This relative status is one that they would also like to see applied to the pricing of Spanish issues in the international bond markets. Here, however, Spain does face a problem. Because it is not an absolutely premier name it must pay a premium compared with other issuers of fixed rate debt.

For example, Spain has long wished to float a sterling issue in the London market, a so-called buildog bond. A recent £50m issue in this market by Sweden was priced at a margin of 2.25 per cent over the equi-valent British Government giltedged stock. Spain recognises

a large inbuilt premium means that it is unattractive for Spain to float such an issue unless in-terest rates are much lower than at present. The total cost of contracting long-term fixedrate debt at present interest levels would simply be too high. Unless interest rates do drop

Unless interest rates do drop quite sharply Spain is, therefore, likely to fall back rather more on the Eurocredit market. Total Eurocredit borrowings by Spain fell last year to \$1.81bn from \$3.24bn in 1981. This was partly the result of increased activity in the domestic market for syndicated peseta loans—preferred by many Soanlab borpreferred by many Spanish borrowers because it does not in-

volve any exchange risk.

Recent experience on the pesets market suggests, however, that it is approaching the

limit of its capacity to absorb large new loans. Once again this may be a reason for forc-ing Spanish borrowers back into the Eurocredit market for international loans,

### Margins

Already this year several bor-rowings have been arranged for private sector entities in the Eurocredit market. One of Eurocredit market. One of these, for the electricity utility FECSA, actually bore a margin of 1 per cent over London Eurocurrency rates. On most of the deals the margins have, however, held at a slightly lower level of around { per cent, which is noticeably higher than last were.

A real test of the market's attitude to Spain should coma in the second quarter when the Kingdom itself is expected to float a large Eurocredit. Terms

on this loan are expected to serve as a beachmark for other Spanish borrowers but a small indication of the way the wind is blowing has come with a \$160m credit for INL the Spanish state holding comp This seven-year credit bears

a margin of a per cent over seven years and is part of a larger package that also includes a Ptas 25bn syndicated loan in the domestic market. This suggests that the Kingdom itself will have to pay a margin of the control over 15bm symmetry. of 1-1 per cent over Liber when it finally comes to the market. Such a forecast only holds good so long as present market con-ditions do not change. Like many other bortowers Spain faces a period of groping in the dark in the Eurocredit merket until margins finally settle at a new and higher level.

Peter Montagnon



ember banks of the Rumasa group after the announcement that the Government had decided to take over those banks in order to protect depositors

PROFILE: BANCO EXTERIOR DE ESPANA

Bigger domestic network competing more directly with private sector

# Unique role in banking sector

point "the bank without frontiers" — traditional advertising alogan of Banco Exterior de Espana-has taken on new meaning since the Socialists came to power.

Unique in that it is two-thirds controlled by the state, Banco Exterior is the most official of Spain's private banks (in whose listings it is included) and the most like an ordinary bank among the public sector credit

Under a Socialist administration that eschewed the temptation of trying bank takeovers a la française, its impor-tance bas been strengthened both as a tool of Government policy and as a half-way-house between the Government and the private banking establishment. The latter eyes its growth ambitions with suspicion.

Fears about a state role-impinging on what the private banks are used to considering as their own-have increased in

recent weeks. The out-of-the-blue expropriation of the Rumasa group has changed the complexion of the state banking sector, adding to It, at least for the time being, one of tha top eight groups of banks in the country.

Banco Exterior itself, by the usual criteria, is ranked just below the "big seven" private banks but it can also now be seen as the main element in a Government-controlled ensemble that together surpasses the teaders Banesto and Banco Central in both assets and

# Convert

With Sr Francisco Fernandez Ordonez, former centrist Treasury Minister and recent centrist convert to the Socialist ranks, as its new chairman, Banco Exterior has continued to build up its domestic network and

up its domestic network and compete more directly with the standard banks.

It has been expanding its relatively modest total of slightly more than 400 Spanish branches by about one a week, competing for deposits and local company business and spreading into rural areas.

This month it climbed its This mouth it chinched its offer for the local branch network of Banco de Alicante, the work of Banco de Alicante, the first part of the troubled Banca Catalana group to be farmed out. This was the third alling bank it has picked up since 1980 in its bid to bolster its presence on the domestic market, after Banco Cantabrico, which it made into a "savend which it made into a "second brand," and Banco Rural y Mediterraneo, which it absorbed

mediterraneo, which it apsoroed under its own name.

From the special export slot allotted to it in the banking system it plans to trespess more into business such as bousing finance and even farm credit.

This change is the other side of the coin to its loss last year of what used to be a comfortable monopoly in official export Exterior was the only bank to channel export funds from the



Sr Francisco Fernandez Ordonez, chairman of Banco Exterior -steadily expanding its

nfficial credit institute ICO. This of trade expansion are largely year, however, it has to compete with other banks for the Pta pinned, he sees the bank as 'kind of economic embassy." 140bn of concessionary funds budget at the ICO for relending state majority shareholding, with smaller stakes beld by the

This by no means signifies that Banco Exterior is moving away from its special export function which it was set up to fulfil in the late 1920s. Sr Fernandez Ordonez says he wants to develop the hank in both directions and emphasises the effort required of it under the Government's stated aim of 5 per cent growth in exports in Bank of Spain and the INI state holding company, Banco Exterior is the biggest Spanish bank outside Spain, with more than 100 branches or offices in 29 countries and a major role in international syndicated 5 per cent growth in exports in

Current expansion plans include Singapore and the Far East, and the West Coast of the real terms this year.

In areas such as Latin Its role in export credit—of America, where Spain's hopes which it handled 62 per cent

by the private banks and two per cent by savings banks—is consecrated by special rules.

Standard commercial banks re committed to state-directed "investment quotas? equal to 21 per cent of their deposits and including a three per cent quota for export credits. In Exterior's case the quota is higher — currently 32 per cent —and is exclusively devoted to export financing. Over and above this, export funds are available from the ICO at a special rate which allows margin of profit for the bank.

# Urgency

Reflecting the — quite new — urgency given to exports, credits have quadrupled since 1977. Total Spanish export 1977. Total Spanish export finance was 30 per cent up last year at about Ptas 1,100h. For Banco Exterior the rise was even sharper, up 46 per cent to some Ptas 700hn. Akhough these loans are mostly covered by the export credit guarantee agency, the state-controlled CESCE, the bank has increased its risk provisions by as much its risk provisions by as much as 56 per cent — higher than any of the other major banks

- to Ptas 11.4bn. The private banks have already carved themselves out an important slot in financing sales of capital goods, includ-ing industrial plant and ships. But Sr Fernandez Ordonez is confident about his bank's role and experience in term financ-ing: "We have the know how in export credits, much more than private banks can have." The development of its retail banking activities does not

mean Banco Exterior is about to relinquish its own territory. Indeed part of the idea is pre-cisely to get closer to smaller Spanish companies and the reserve of export potential they

David White



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